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SSA'S TOLL-FREE TELEPHONE SYSTEM: SERVICE OR DISSERVICE?

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

WASHINGTON, DC

APRIL 10, 1989

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SSA'S TOLL-FREE TELEPHONE SYSTEM: SERVICE OR DISSERVICE?

MONDAY, APRIL 10, 1989

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The committee met, pursuant to notice, at 9:34 a.m., in room SD-628, Dirksen Senate Office Building, Hon. David Pryor (chairman of the committee) presiding.

Present: Senators Pryor and Burdick.

Staff Present: Portia Mittelman, staff director; Christopher Jennings, deputy staff director; Chris Drayton, chief clerk; Dr. Joseph Lieberman, acting minority staff director; Jonathan Adelstein, professional staff member; Jennifer McCarthy, professional staff member; Nancy Smith, minority professional staff member; Olaf Reistrup, hearing clerk; and Dan Tuite, printer.

OPENING STATEMENT BY SENATOR DAVID PRYOR, CHAIRMAN

The CHAIRMAN. Good morning. The committee will come to order.

I would like to welcome everyone to this morning's hearing. Today we will focus on the Social Security Administration's new toll-free telephone system, and whether the service it delivers—or fails to deliver—justifies its extraordinarily rapid implementation. This is why we have called this hearing "SSA's Toll-Free Telephone System: Service or Disservice?"

SSA plays a very key role in the lives of millions of Americans. Nationally, 38 million individuals—retired workers, widows, and children of deceased workers—depend on Social Security. Another 4 million elderly, blind, and disabled persons living in poverty are receiving benefits under the Supplemental Security Income program, or SSI.

In my home State of Arkansas, for example, there are nearly 500,000 elderly men and women receiving Social Security benefits and over 40,000 on SSI.

For years, SSA has provided personal service to elderly Americans and others through local field offices. In recent years, however, the agency increasingly has moved toward service delivery through a small number of so-called "teleservice centers."

Last October SSA took a further leap—and, I must say, a giant leap—in this direction by launching a new 800 number which all calls concerning Social Security and SSI are routed through the teleservice centers. At present, the 800 number system is in effect

throughout 60 percent of the Nation, with the rest of the country scheduled to come on-line in October 1989.

Before SSA's 800 number system was started up, I asked the General Accounting Office to examine the adequacy of the agency's plan. I hoped to avoid the same kind of problems, such as lack of accessibility and accuracy, that were plaguing a similar teleservice program operated by the Internal Revenue Service.

Unfortunately, despite a number of assurances that SSA provided to the General Accounting Office, these same problems arose.

In January, for example, the busy signal rate was about 43 percent nationwide. In a number of metropolitan areas it was as high as 60 to 70 percent. Further, when callers did get through, they often have been getting inaccurate information. More than one in five callers, or 23 percent, were given the wrong answers to questions regarding the earnings limitation for those over 70 years of age. Nearly one in four, or 24 percent, were given wrong information about SSI.

I also am very concerned that SSA's 800 number system has been promoted to the public in a very misleading way. From the start, the 800 number has been characterized as an option. In fact, callers in those areas where the system is in effect have lost direct access to their local Social Security office. Calls to local offices are intercepted and re-routed to a teleservice center. Listings for local offices have been stripped from telephone directories issued after the system's start-up date, and directory assistance has been instructed to give only the 800 number to the caller. At the same time, it appears that SSA teleservice operators have been discouraged from giving out the local office number and address.

A related problem is that callers to SSA's 800 line are left to assume that they are being connected with their local Social Security office, rather than to a teleservice center, which may be hundreds or thousands of miles away. Not only is this wrong, but it can lead to great frustration, confusion, and hardship.

For example, callers from mining States may be unable to get answers to questions regarding the black lung program. As another example, callers seeking information about Arkansas' SSI supplementation rate may be given Alabama's rate, because those who call from Arkansas actually talk to an operator in Birmingham, AL.

While teleservice may be appropriate for a telemarketing firm, it is highly questionable if this works for Social Security. To date, despite huge expenditures, callers to the IRS' 800 line have yet to be assured of accessible or accurate information. Similarly, we have very serious reservations about the advisability of the Social Security Administration adopting a teleservice system, particularly where patience, care, and extensive knowledge are often required to truly provide a service to the individual.

Yet, as outlined in SSA's Project 2000 plan, this is exactly the direction in which SSA is moving—and, I must say, moving very rapidly—without coming before the constituencies it is intended to serve to try to iron out the wrinkles before such a program is fully implemented.

According to the plan, SSA, "Should move forcefully to make teleservice the predominant mode of service long before the year

2000." In other words, SSA plans to abandon its network of local Social Security offices, instead dealing with individuals by hooking them up to an 800 number.

SSA serves those who are among the most vulnerable in our society; individuals who often require personal attention and who may be intimidated by modern technology. SSA's move to dehumanize its service system reveals a profound lack of understanding about the agency's mission and the special needs of these individuals.

Finally, SSA has never stopped to consider the views of elderly Americans and others who depend on SSA. I believe full public discussion should precede any further changes—particularly those that are outlined in the Project 2000 plan.

Another management problem has recently come to my attention that I find very shocking. I have discovered that SSA has verified the Social Security numbers of millions of Americans for private companies such as credit bureaus and banking institutions. This is potentially the largest breach of confidentiality in the history of this program.

The Social Security Administration should not become a conduit, as it apparently has been, for any business which wants access to confidential Social Security data on individuals.

SSA exists to administer a critical set of programs affecting most Americans. It should never be co-opted for commercial purposes.

I have been alarmed that all of the attorneys I have contacted tell me that Social Security's actions violate the Privacy Act of 1974. The American Law Division of the Congressional Research Service and the expert counsel to the House Governmental Information Subcommittee have all concluded that SSA's actions violate the Privacy Act.

SSA officials didn't even ask the SSA's Chief Counsel to review legal questions until after millions of individuals' files had been verified for private company use.

SSA has now begun preparations to run files on 140 million Americans for a company called TRW as of March 1987. SSA officials asked TRW for $1 million for the information processing, and TRW, of course, readily agreed. Incredibly, the Commissioner has asked Congress to increase SSA's funding for computers by $30 million next year, claiming that SSA lacks the capacity it needs. How, I would ask, did they expect to find the spare time to run a million-dollar job for a private company, TRW?

Even if SSA's actions were legal, they were certainly inappropriate. SSA should maintain public confidence in the confidentiality of its records. We should not encourage use of the Social Security numbers as universal identifiers. Considering that SSA is requesting more funds for computer systems, I wonder where it gets the excess capacity to do computer runs for private companies? Hopefully we will find the answer to that question in this morning's hearing.

At today's hearing we will examine not only that question, but certainly the question that we outlined earlier: That of the 800 number now being employed by the Social Security Administration.

We have three witnesses to begin this morning, and I would like first to give you their names. The first panel consists of: Katheryn

Lippert from Pittsburgh, PA; Myra Baillie from San Francisco, CA; and Judith Price from Akron, OH.

I will call on Katheryn Lippert first, but let me first apologize on behalf of Senator John Heinz, the vice-chairman of this committee. Senator Heinz could not be in Washington today. He wanted me to extend his appreciation to you, Mrs. Lippert, for being here. He also wanted me to mention to you and others that his earlier commitments in the State could not be changed in the short time that the hearing was scheduled. He asked that his statement be printed in full and inserted in the record.

He also wants it to be known that he shares our concern about the effect of the 800 number on Social Security beneficiaries' ability to get timely and correct information.

Mrs. Lippert, we want you, in your own words, to tell us about your experiences with the 800 number. You may begin your statement at this time.

[The prepared statement of Senator Pryor, along with the statements of Senator John Heinz and Senator Charles Grassley follow:]

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United States Senate
SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400

OPENING STATEMENT

SENATOR DAVID PRYOR
Chairman

Senate Special Committee on Aging

April 10, 1989

SSA'S TOLL-FREE TELEPHONE SYSTEM: SERVICE OR DISSERVICE?

On behalf of myself and the other members of the Special Committee on Aging, I want to welcome everyone to this morning's hearing. Today, we will be focusing our attention on the Social Security Administration's (SSA's) new toll-free telephone system and whether the services it delivers -- or fails to deliver -- justifies its extraordinarily rapid implementation.

The importance of the SSA's role in the lives of millions of Americans cannot be overestimated. Nationally, 38 million individuals -- retired workers, their widows, and the children of deceased workers -- depend upon Social Security. An additional 4 million or more elderly, blind, and disabled persons living in poverty are provided monthly assistance under the Supplemental Security Income program, or SSI. In my home state of Arkansas, there are nearly half a million elderly men and women who receive Social Security benefits, and over 40,000 whom are provided assistance under SSI.

For years, SSA has provided personal service to elderly Americans and others through its many local field offices. In recent years, however, the agency increasingly has moved toward service delivery through a small number of so-called teleservice centers. Last October, SSA took a further leap in this direction by launching a new 800-number system in which all calls concerning Social Security and SSI were routed to the teleservice centers. At present, the 800-number system is in effect throughout 60 percent of the nation, with the rest of the country scheduled to come on line in September, 1989.

Before SSA's 800-number system was started up, I asked the General Accounting Office (GAO) to examine the adequacy of the agency's then-implementation plans. I felt every precaution should be taken to avoid a repeat of the kind of problems, such as lack of accessibility, that was plaguing a similar teleservice program operated by the IRS. Unfortunately, despite a number of assurances that SSA provided to GAO in this regard, I recently learned that my concerns were warranted. In January, for example, the busy signal rate was about 43 percent nationwide, and in a number of metropolitan areas it was as high as 60-70 percent. Further, when callers do get through they may not be given accurate information. More than one in five callers or 23 percent asking questions about the earnings limitation for those 70 years of age were given the wrong answer, as were nearly one in four or 24 percent with questions about SSI.

I have a number of additional concerns about SSA's 800-number system, particularly the misleading way it has been promoted to the public. From the start, the 800 number has been characterized as an "option". In fact, callers in those areas in which the system is in effect have lost direct access to their local Social Security office. Calls to local offices are intercepted and rerouted to a teleservice center, listings for local offices have been stripped from telephone directories issued after the system's start-up date, and directory assistance has been instructed to give only the 800 number. At the same time, SSA teleservice operators are discouraged from giving out the local office number and address.

A related and similarly troubling aspect is that callers to SSA's 800 line are left to assume that they are being connected to their local Social Security office, rather than to a teleservice center which may be hundreds of miles away. Not only is this wrong, but it can lead to great frustration, confusion and even hardship. For example, Spanish-speaking callers from California may be unable to communicate their concerns to teleservice operators in other states, while conversely callers from mining states may be unable to get answers to questions regarding the black-lung program. As another example, callers seeking information about their state's SSI supplmentation rate may be given the rate applicable to an entirely different state.

While teleservice may be appropriate for a telemarketing firm, in my view it is highly questionable whether this is a workable approach for an agency charged with providing a complex range of services. To date, despite the expenditure of enormous resources, callers to the IRS's 800-line have yet to be assured of accessible and accurate information. Similarly, I have very serious reservations about the advisability of adopting a teleservice system where patience, care, and extensive knowledge are often required to truly provide a service. Yet, as outlined in SSA's Project 2000 plan, this is exactly the direction in which SSA is moving. According to the plan, "SSA should move forcefully to make teleservice the predominant mode of service long before the Year 2000."

SSA is a unique agency, responsible for serving those who are among the most vulnerable in our nation, who often require personal attention to be fully responsive, and who commonly are intimidated by modern technology. That SSA would even consider dehumanizing its service delivery system reveals a profound lack of understanding about the agency's mission and the special needs of the population it is mandated to serve.

At present, SSA is in the process of fundamentally changing the way services are provided -- turning away from a community-based, personal approach to a centralized, depersonalized teleservice system -- without ever stopping to consider the views of elderly Americans and others who depend on SSA. I believe they should be asked and full public discussion ensured before any changes, particularly those that are outlined in Project 2000 plan, are considered.

Another management problem has recently come to my attention that I find shocking. I have discovered that SSA has verified the Social Security numbers of millions of Americans for private companies such as credit bureaus and banks. This is potentially the largest breach of confidentiality in the history of the program.

The Social Security Administration should not become a conduit, as it apparently has been, for any business which wants access to confidential Social Security data on individuals. SSA exists to administer a critical set of programs affecting most Americans; it should never be coopted for commercial purposes.

I have been alarmed that all of the attorneys I have contacted tell me that Social Security's actions violate the Privacy Act of 1974. The law prohibits disclosure of Social Security information on individual Americans without their express consent. The American Law Division of the Congressional Research Service and the expert counsel to the House Government Information Subcommittee have all concluded that SSA's actions violate the Privacy Act.

SSA's actions reflect a lack of sensitivity to the law, as well as to the need to maintain the privacy of Social Security data on individuals. SSA should not have proceeded with such verifications if there were even a question as to their legality.

SSA officials did eventually ask for SSA's Chief Counsel to review legal questions, but his report was issued on December 5, 1988, after millions of individuals' files had been verified for private companies. Although the report did not contain any strong conclusions about whether SSA should continue the verification procedures, I read the report to indicate that such verification could be construed as illegal.

SSA had begun preparations to run files on 140 million Americans for TRW as of March, 1987. SSA official asked TRW for $1 million for the information processing, and TRW agreed. Incredibly, the Commissioner has asked Congress to increase SSA's funding for computers by $30 million next year, claiming SSA lacks the capacity it needs. How, I would ask, did they expect to find the spare time to run a million dollar job for TRW?

Even if SSA's actions were legal, they were certainly inappropriate. SSA should maintain public confidence in the confidentiality of its records. We should not encourage use of Social Security numbers as universal identifiers. And considering that SSA is pleading before Congress about its need to increase funding for computer systems, I wonder where it gets the excess capacity to do computer runs for private companies.

At today's hearing, we will examine these issues. I hope we will begin the public debate that has been so sorely lacking in SSA's planning process and that is so vital to the well-being of those the agency is mandated to serve.

NEWS FROM
SENATOR JOHN HEINZ
SPECIAL COMMITTEE ON AGING
Senate Hart 628 Washington, D.C. 20510-6400 (202) 224-1467

STATEMENT OF JOHN HEINZ
RANKING MINORITY MEMBER
SENATE SPECIAL COMMITTEE ON AGING HEARING
"SSA'S TOLL-FREE TELEPHONE SYSTEM: SERVICE OR DISSERVICE?"
4/10/89

Today's hearing focuses on a problem that cuts at the very heart of the Social Security beneficiary's trust in the Social Security System and jeopardizes their rightful access to benefits -- a non-working toll-free information line. Equally disturbing is evidence that the Social Security Administration may have violated the beneficiary's fundamental right to privacy in the process of verifying individual Social Security numbers for private companies. I commend you, Mr. Chairman, for holding this hearing and for the excellent work that you and your staff have done to surface these problems.

Forty million Americans receive Social Security checks each month. For most disabled and elderly Americans, Social Security provides the cash they need to survive and meet monthly bills. What happens, however, when one of these forty million people receives the wrong amount in their check, or has a question about whether or not they can receive income benefits? Typically, a person would pick up the phone and dial their local Social Security office. Now, the Social Security Administration (SSA) through a campaign they claim will make their services more accessible to the individual has created a toll-free 800 information line. But, there is evidence that this new number is more of a barrier than a help.

Take the case of Mrs. Lippert, one of our witnesses today who is from my home town of Pittsburgh, Pennsylvania. Mrs. Lippert has a very frustrating and troubling story to tell of her experience with the 800 number following the sudden death of her husband last November. When she called the 800 number, she was assured, erroneously, that everything was fine and "the check would soon be in the mail." Instead, Mrs. Lippert has had to survive, unnecessarily, on half of the income benefits she is entitled for the past five and half months. All of this could have been avoided if Mrs. Lippert had been given the right information or had been able to talk with Social Security field office staff from the start. At long last, Mrs. Lippert can expect to receive all the money due to her this week -- six months late. Mrs. Lippert is fortunate in one respect. If she had waited another two weeks, she would not have been eligible to receive back payments because a rule requiring that beneficiaries apply for benefits within six months of a spouse's death.

I find Mrs. Lippert's experience with the toll-free line deplorable. Rather than being assured of her continued financial security during a time of great personal loss, Social Security added to her unsettled emotional and financial state. It seems that what we intended as an "income security" program is becoming an "income depletion" program as people like Mrs. Lippert are forced to dip

Mrs. Lippert's case is not an isolated incident. Several people have called my state offices saying that they are having difficulty getting through to the SSA and are continually getting busy signals. Nettie Brecher, a 76 year old widow, who called the agency with a question about her benefits, tried several times and consistently heard the same busy signal. In her frustration she said, "this is ridiculous - how long do they (SSA) expect an elderly person to hang on?"

Other problems stem from the fact that a call can come in to a toll-free information centers from anywhere in the country. Consider, for example, the frustration of a spanish-speaking person in Los Angeles trying to communicate with a 800 operator in Pennsylvania who only knows English! Alternatively, a Los Angeles operator would be far less prepared than field staff in Pennsylvania to handle questions about black lung benefits -- a benefit few LA residents but a large number of my constituents are eligible to receive.

Since the Social Security Administration began its plan to change over the old telephone system into an automated system, evidence has revealed serious flaws in the system. Nationally, the busy signal rate was about 43 percent and high rates of misinformation were reported. SSA's new system has also made it more difficult for beneficiaries to access their field offices. The phone numbers for these local offices have been replaced in the phone book by the toll- free number. Even if a person happens to know the local office number, their call is still re-routed to the 800 service center. This means, that the only way to get to SSA's field personnel is through the front door or if a caller is fortunate enough to be referred to field staff by the 800 operator.

I do not oppose the idea of a 800 number that helps people receive their checks quicker or that gives out accurate information. What I oppose is a system that replaces, rather than supplements the human element that only field office personnel can adequately provide. Depersonallzing our Social Security system is the wrong way to go. What we seem to have now is a system that is inaccessible, inaccurate and threatens to block older people from their benefits.

I look forward to learning from the witnesses about how the 800 number is being operated and whether it is having the effect of cutting off all face-to-face contact with staff. If SSA does not take steps to resolve these problems quickly and continues on this dehumanizing track, the Congress will have no recourse but to pass corrective legislation. I also look forward to working with you, Mr. Chairman, to fully investigate SSA's handing of the Social Security files and the evidence you have uncovered that suggests an unacceptable if not unlawful breach of confidentiality.

****

STATEMENT OF SENATOR CHARLES E. GRASSLEY AT A HEARING OF THE SPECIAL COMMITTEE ON AGING ON THE SUBJECT OF THE SOCIAL SECURITY ADMINISTRATION TOLL FREE TELEPHONE INQUIRY LINE, MONDAY, APRIL 10, 1989

THANK YOU, MR. CHAIRMAN.

I AM PLEASED TO BE HERE TODAY TO PARTICIPATE IN THIS HEARING ON A VERY IMPORTANT TOPIC.

I THINK MANY OF US WHO WATCH THE SOCIAL SECURITY PROGRAM HAVE BEEN PLEASED TO SEE NUMEROUS INNOVATIONS INTRODUCED IN RECENT YEARS WHICH ARE HAVING THE EFFECT OF IMPROVING THE LEVEL AND QUALITY OF SERVICE AVAILABLE TO SOCIAL SECURITY BENEFICIARIES.

I AM TALKING, AMONG OTHER THINGS, ABOUT THE COMPUTERIZATION OF SOCIAL SECURITY RETIREMENT RECORDS, WHICH MAKE POSSIBLE A LEVEL OF SERVICE, ACCURACY, AND RESPONSIVENESS NOT HERETOFORE POSSIBLE.

I AM TALKING ABOUT THE "REQUEST FOR EARNINGS AND BENEFIT ESTIMATE STATEMENT" WHICH THE SOCIAL SECURITY ADMINISTRATION IS MAKING AVAILABLE TO FUTURE BENEFICIARIES. ON THE BASIS OF INFORMATION RECEIVED WHEN A FUTURE BENEFICIARY SUBMITS THIS QUESTIONAIRE, THE SOCIAL SECURITY ADMINISTRATION IS MAKING AVAILABLE AN ESTIMATE OF FUTURE SOCIAL SECURITY BENEFITS. I THINK THIS CAN HAVE THE EFFECT OF GIVING FUTURE BENEFICIARIES A VERY CONCRETE STAKE IN THE SYSTEM.

THE TELEPHONE HOT LINE SYSTEM WE ARE GOING TO DISCUSS TODAY AT THIS HEARING ALSO OFFERS THE POTENTIAL FOR A CONSIDERABLE INCREASE IN THE RESPONSIVENESS OF THE SOCIAL SECURITY PROGRAM COMPARED TO WHAT WE HAD PRIOR TO ITS INTRODUCTION.

CONCEIVABLY, THE HOT LINE WILL ENABLE A BENEFICIARY TO GET ANSWERED QUICKLY AND ACCURATELY QUESTIONS WHICH, IN AN EARLIER DAY, WOULD HAVE REQUIRED A VISIT TO A SOCIAL SECURITY FIELD OFFICE OR AN EXCHANGE OF MAIL WITH THE AGENCY. THE HOT LINE COULD SAVE BENEFICIARIES A LOT OF TIME AND EFFORT.

HOWEVER, I AM AFRAID THAT I HAVE SOME CONCERNS ABOUT THIS PROGRAM ON AT LEAST TWO LEVELS, AND WILL BE LOOKING TO THE COMMISSIONER TO PROVIDE US SOME ASSURANCES ON THESE CONCERNS. I AM CONFIDENT THAT I AM NOT THE ONLY MEMBER WHO WILL HAVE SUCH CONCERNS ABOUT THE NEW SYSTEM.

THE FIRST LEVEL ON WHICH I HAVE CONCERNS IS THE LEAST PROBLEMATIC; NAMELY, WHETHER THE PROGRAM IS ACCESSIBLE QUICKLY, WITHOUT LONG WAITS, AND WHETHER THE RESPONSES WILL BE ACCURATE WHEN BENEFICIARIES DO SPEAK TO SOCIAL SECURITY HOT LINE STAFF. OUR EXPERIENCE WITH THE ACCURACY OF RESPONSES RECEIVED ON THE INTERNAL REVENUE SERVICE HOT LINE IS NOT PARTICULARLY ENCOURAGING, AND I THINK IS SAFE TO ASSUME THAT SOCIAL SECURITY QUESTIONS CAN BE EVERY BIT AS COMPLICATED AS TAX QUESTIONS.

THESE SHOULD BE PROBLEMS THAT CAN BE RESOLVABLE GIVEN INVESTMENT OF APPROPRIATE RESOURCES IN DEALING WITH THEM.

MY OTHER CONCERN IS A LARGER ONE; NAMELY, WHETHER THE COMMISSIONER INTENDS TO MAKE THIS TELEPHONE INQUIRY SYSTEM A REPLACEMENT, RATHER THAN A COMPLEMENT, TO THE PRESENT SOCIAL SECURITY FIELD STRUCTURE. IF THIS IS THE INTENTION, I, FOR ONE, AM GOING TO HAVE TO BE BE SHOWN, IN ADVANCE, THAT BENEFICIARIES WILL NOT SUFFER WHEN IT IS PUT INTO EFFECT.

IT IS OBVIOUS THAT, IN MANY CASES, WE WILL NOT BE DEALING WITH SIMPLE QUESTIONS THAT CAN BE ANSWERED SIMPLY, AND I FEAR THAT COMPLETE RELIANCE ON A TELPHONE HOT LINE SYSTEM COULD LEAD TO GREAT FRUSTRATION FOR BENEFICIARIES. CONCEIVABLY, IT COULD EVEN LEAD TO HARM IF THE SYSTEM DOES NOT PROVE UP TO THE TASK OF PROVIDING TIMELY, ACCURATE RESPONSES TO PEOPLE WHO MAY BE VULNERABLE, WHO MAY NOT EVEN KNOW IF THEY GET INCORRECT ANSWERS, AND WHO MAY HAVE DIFFICULTY GETTING BACK INTO THE SYSTEM IF THEY DO DISCOVER THAT THEY HAVE RECEIVED INCORRECT ANSWERS.

I AM LOOKING FORWARD TO BEING REASSURED ON THESE CONCERNS TODAY.

THANK YOU, MR. CHAIRMAN. THAT IS ALL I HAVE FOR THE MOMENT.

STATEMENT OF KATHERYN LIPPERT, PITTSBURGH, PA

Mrs. LIPPERT. Good morning. My name is Katheryn Lippert. I am from Pittsburgh, PA. I would like to let you know that I appreciate the opportunity to come here today and speak on the problems I have encountered with Social Security's 800 number. I would especially like to thank Senator Heinz and his staff for taking time to really listen to my story and for following through on their promise to correct the problem.

On November 11, 1988, my husband of 50 years, August, died of a massive heart attack just 2 days after his 74th birthday. Please try to consider the frame of mind I was in at this time.

The undertaker told me that he sent the death certificate to Social Security, and I assumed that was all that was needed to get my widow's benefit. In December, I called the 800 number and asked how long it would take for me to receive my husband's Social Security check, and a man told me 2 to 3 months. He did not ask me if I had filed a claim or tell me that I should have.

In March, when I still did not receive my check, I called the 800 number again, and they then told me that I did have to file a claim. Although I didn't know it at the time, I now understand that my case was referred to the local field office, who then sent me forms and a letter telling me they would call on March 24.

I filled the forms out and sent them my birth certificate, my marriage certificate, and my husband's death certificate. On March 24, a woman called me from the field office, asked me a lot of questions, and she filled out the form and sent it to me to sign. I must say she was very understanding and helpful.

Last Friday, Senator Heinz' staff made several calls on my behalf and was able to find out that I should be getting my check this week—nearly 6 months after my husband's death.

I would like to point out that for the past 5 months I have only received my own Social Security check, which is $70 less than my rent, alone. Due to this fact, I have had to dip into savings from the sale of our family home to pay my bills. These are savings that my husband and I always intended to use for emergencies and in case either of us had to go into a nursing home.

I'm sure there are a lot of people who have no other income. And I assure you I would have no place to live if I didn't have this money. I simply don't know what I would have done. We have no children, and I'm financially on my own now.

I believe that if I had been able to speak to a competent, knowledgeable person at the beginning, instead of an 800 number, this all could have been avoided.

The CHAIRMAN. Thank you very much, Mrs. Lippert.

I may have a couple of questions in a moment, but I would first like to call on Myra Baillie from San Francisco, CA.

STATEMENT OF MYRA BAILLIE, SAN FRANCISCO, CA

Mrs. BAILLIE. My name is Myra Baillie, and as you have heard I'm from San Francisco, where I am self-employed.

Some months ago I received a notice from Social Security office saying that I needed to contact them by a certain date concerning my income. I called the 800 number listed on the notice and I kept

calling and calling for 3 days. I called about 20 times a day. I called from 9 in the morning until 5 p.m. This was during the last week in January.

During the same time, I couldn't get through. I looked in the phone book and tried to find the Parkside Social Security office. When I called the listed number I was referred again to the 800 number. Then I called the operator for the local number, but was given the 800 number.

At this point I was becoming worried, because I was approaching the deadline contained in the notice. I then went down to the Social Security office where I saw four big signs around the room saying "Call the Social Security Number for service 24 hours a day."

After waiting in line I finally got to talk to someone who told me that I couldn't meet with anyone because first I had to schedule an appointment with the office through the 800 number. She advised me to try the number between 5 and 7 p.m.

I called the 800 number between those times, and I got through, but was put on hold for about 10 minutes. I finally hung up because I didn't like tying up the line for that long. When I called again, I did get through and I was told that the Parkside Social Security office would call me in 3 to 5 days.

As of yesterday, I still hadn't heard back. I guess I'll have to go down to the Parkside office again. Meanwhile, all I was trying to do was to return a check that I did not feel I was entitled to.

The CHAIRMAN. You did go to the Parkside office?

Mrs. BAILLIE. I did go to the Parkside office. I felt it was very important, though, to let the public know that there is a live person on the 800 number until 7 p.m. at night. We are not aware of this. The 800 number is not listed in the San Francisco directory. We're not aware that you can call after office hours. If you call after 7 p.m. you do get a tape.

But I feel very sorry for people who are trying to get through. Everyone who calls has a problem. Every person who calls that 800 number needs help. Perhaps they have an accent, or perhaps they can't understand very well. You're talking to elderly people who may be a little slow, but you have to understand the information that is given to them. I happened to get wrong information when they called me back. I had a check and the man said to me, "I don't know how to advise you." This was on the telephone. "Why don't you just put the check in the savings and loan and collect the interest until you find what to do with it."

The CHAIRMAN. And that would have probably been a violation of the law, and ultimately you would have had to pay that back; is that correct?

Mrs. BAILLIE. That's probably true.

The CHAIRMAN. How many days did you try the 800 number?

Mrs. BAILLIE. I called solidly on and off for 3 days, and since that time I've talked to many other people who have had the same problem. They just get discouraged, and they don't try anymore.

The CHAIRMAN. Did the person at the other end of the line, when you called the 800 number, identify where they were located?

Mrs. BAILLIE. No.

The CHAIRMAN. Did you know at that time in which State that person was located? You had no knowledge of this?

Mrs. BAILLIE. No.

The CHAIRMAN. Did the local Social Security office tell you to call the 800 number in order to set up an appointment with the local office. Is this correct?

Mrs. BAILLIE. Yes. When I went to the local office, I waited there and tried to speak to someone. I said, "Instead of my calling the 800 number, since I can't get through, may I speak to someone here." And they said that it wouldn't do me any good because the computer was down.

The CHAIRMAN. How did you finally figure out the right person to give the check back to?

Mrs. BAILLIE. What I did was—when I was in the office, I asked if there was another phone number at the local office that I might call. I was given that number. I did call and spoke to someone, and she gave me the right information regarding the check, and told me what to do. Now, I've tried to call them again recently, and I'm still waiting to get someone to call me back from the Social Security office to set up an appointment. That was a week ago.

The CHAIRMAN. But you have returned the check?

Mrs. BAILLIE. They told me to hold the check until the end of the year because once it's been issued to me, whether I cash it or not, I'm still liable for it, according to the books. I have to wait until the end of my fiscal year, which is April 15, so when I file my taxes they can decide, then, what to do with it. I still have to get into the Social Security office before the 15th of the month.

The CHAIRMAN. Let me tell you what's happening to you. We have here the C & P Telephone white pages northern Virginia. We'll just take this for example.

What is happening around the country—and what you see in this telephone directory for January 1987 to December 1987—is the local phone numbers for the local Social Security offices. They are staffed with people that you have probably dealt with in the past. They are probably people that you see at the grocery store. You may sing in the choir with them. You may be in a club with them. They are people that you may know.

However, when new telephone directories come out, all of this will be gone. You're not going to be able to call your local Social Security office. You're not going to be able to call John Jones that knows your family, or Mary Smith that you happen to know at your local Social Security office. This is what's already happening in 60 percent of the country. SSA is depersonalizing the system.

In many cases, wherever you call from, no matter what State, you may be talking to a teleservice operator in another State. Many times they do not know the situation that applies in your State or locality.

Mrs. Baillie, I may have another question or two in a moment after we first hear from Ms. Price.

Ms. Price, you're from Akron, OH. We welcome your testimony and we appreciate your coming this morning.

STATEMENT OF JUDITH PRICE, AKRON, OH

Ms. PRICE. Thank you, sir.

My name is Judith Price, and I live in Akron, OH. I do not work because I take care of my mother, who has Parkinson's and whose mind is no longer what it once was.

On March 27 I called Social Security's 800 number to try to find out what I need to do to get my mother's Social Security checks moved into a new account the court had suggested I open for her. I could not get through.

Finally, toward the end of the day a man answered and took my name, number, and a phone number, as well as my mother's name and Social Security number. He also told me that somebody would call me back in 3 to 4 days. No one called me back.

Then I tried the 800 number three times, and each time gave up after being put on hold for about 20 minutes. Finally, someone picked up the line and told me that I had to wait 30 days before I could get an answer to my question.

When I asked the person if I would receive information in the mail, the person only kept on saying I had to wait 30 days. I said I had to see someone that day, that it couldn't wait, and again they told me that I had to wait 30 days.

When I asked for the number of the Akron Social Security office, once again I was told I had to wait 30 days.

Before all of this started, I had tried to find the Akron number in the telephone book, all I could find was the 800 number. I next tried calling the 800 number to get someone else. Finally I got a different person. When I asked for the Akron number I was told that it wouldn't make any difference. I just kept on asking for it anyway, and finally that person gave it to me.

When I called the Akron Social Security office, I wanted to know why it would take 30 days to find out what I needed to know. I was very upset. Mrs. Hadley—I'm pretty sure that was her name—asked me if I wanted to come down and meet with her that day and talk things over. I went down about an hour and a half later and I was still upset. Mrs. Hadley was very patient and tried to calm me down. After about 30 minutes I got all the information I needed, and she helped me take care of the problem.

Later during the week I had two calls—one from Cleveland saying to me that I gave the wrong Social Security number for my mother, and then I had a call from Medina, OH, Social Security office telling me that I had given my mother's name for my last name, which I did not do.

The CHAIRMAN. Now, how long did all this process take? Did you ever straighten out the situation?

Ms. PRICE. When I went to downtown Akron it took approximately one-half hour. My appointment was at 1:30, and I was walking out the door at 2.

The CHAIRMAN. How long did it take you to get into that office? In other words, when did you start calling the 800 number?

Ms PRICE. I was calling the 800 number off and on for a whole week, but when I finally got the Akron number I got my appointment within an hour and a half's time.

The CHAIRMAN. So, locally you got service from the teleservice; from the telephone call you made you got no response, basically, other than to say someone would be back in touch.

Ms. PRICE. Right, the 800 number gave me nothing, but the Akron number settled it.

The CHAIRMAN. Do you know whether you were talking to someone in Akron, OH, on the telephone, or in another state?

Ms. PRICE. I did not know until I got downtown Akron, and they told me I had called Cleveland—the 800 number I got was Cleveland.

The CHAIRMAN. Out of Cleveland, OH. Do you have any thoughts that you might share with the committee this morning on what might be done to make certain that others don't have the same kind of bad experience that you had?

Ms. PRICE. Well, I think they ought to do away with the 800 number completely, and not treat us as if we were something they could maybe sweep up in the dustpan and discard because they don't want to hear it. I think that would be great, because we need to be able to talk to somebody in person.

With me, I'm not dealing only with Social Security. I've had other problems with my mother, and it's so frustrating. It feels like if they have time to bother with me, they will, but they don't, they can just shut me off because I'm a nobody, and I think that's wrong. Some day they're going to be old, too, and they're going to need help. They've got to stop and think about what they're doing to these people now. When their turn comes, they're going to get worse treatment than we're getting now.

The CHAIRMAN. In the case of Mrs. Lippert, our investigators have found that had she waited or been postponed—delayed, I should say, by the bureaucracy—whether it was in person or by phone—another 2 weeks, she would have exceeded SSA's 6-month grace period for requesting widow's benefits. Then she would not have been eligible to get retroactive payments since the day of her husband's death. Is this correct? In others words, were you up against a deadline?

Mrs. LIPPERT. I know. I didn't know it at the time, but I know it now.

The CHAIRMAN. And with another 2 weeks delay you would have been denied those benefits. Mrs. Lippert, do you have any suggestions on what questions I might ask the administrator of the Social Security Administration?

Mrs. LIPPERT. I don't believe so.

The CHAIRMAN. If you think of some, you let me know.

Mrs. LIPPERT. I will.

The CHAIRMAN. You send them up here, and I will. Do you have any thoughts on what we might do about this system to make it more responsive?

Mrs. LIPPERT. Well, I agree with Judith that we should have a person that we could talk to, instead of a computer.

The CHAIRMAN. Would you prefer—and I'll ask the question to the three members of our panel—would you prefer to talk to someone on an 800 number, or to sit down in person and talk with them?

Mrs. LIPPERT. I would rather sit down in person and talk with them.

The CHAIRMAN. What about you, Mrs. Baillie?

Mrs. BAILLIE. Yes.

The CHAIRMAN. And you, Ms. Judith Price?

Ms. PRICE. Definitely in person.

The CHAIRMAN. How was the response? Was the teleservice operator when you finally got through to one, generally courteous? What was their response?

Ms. PRICE. I felt as though they had the attitude of "Why are you bothering me?"

The CHAIRMAN. What about you Mrs. Baillie?

Mrs. BAILLIE. Yes. They tried to discourage me from going to a local office.

The CHAIRMAN. Mrs. Lippert?

Mrs. LIPPERT. Well, I called the local office, and the operator gave me the 800 number. They didn't even connect me with the field office.

The CHAIRMAN. So, when you contacted the local office, they gave you the 800 number?

Mrs. LIPPERT. Right.

The CHAIRMAN. And encouraged you to call?

Mrs. LIPPERT. Right. I didn't have a choice.

The CHAIRMAN. At this point, I'd like to note the presence today of one of our outstanding Members of the Senate and of the committee, Senator Quentin Burdick of North Dakota. Senator Burdick has arrived, and I'm wondering if he might have any comments or questions of our panel.

Senator Burdick.

STATEMENT OF SENATOR QUENTIN BURDICK

Senator BURDICK. Mr. Chairman, you are doing quite well. I'm late, and I ask unanimous consent that my opening statement be made a part of the record.

The CHAIRMAN. It will be placed in the record. We appreciate your presence here. We are examining a very, very rapidly growing program which is off and running—and I'm afraid off and running in the wrong direction, Senator Burdick. This is the 800 number whereby Social Security beneficiaries with problems or questions are referred to an 800 number. They are being discouraged from going into their local Social Security office, as they've been doing for the last 50 years. This is a far cry from SSA's former policy.

Senator BURDICK. I'd like to ask one question at this point.

The CHAIRMAN. Please do.

Senator BURDICK. Is the 800 number a toll-free call in all parts of the United States?

Mrs. LIPPERT. I believe so.

Ms. PRICE. Yes.

Senator BURDICK. That's some advantage, isn't it?

Ms. PRICE. No, sir.

Senator BURDICK. Not any?

Ms. PRICE. No.

Senator BURDICK. OK.

[The prepared statement of Senator Burdick follows:]

PREPARED STATEMENT OF SENATOR BURDICK ON SOCIAL SECURITY TOLL-FREE SERVICE

I want to thank the chairman for holding this hearing on an issue of such importance to elderly Americans. The future of Social Security is important to all Americans.

Plans for changing the way service is delivered must be given very careful consideration. Imposing toll-free telephone service as the only way to reach S.S.A. could have an overall negative impact on the quality of service.

Many people who often contact S.S.A. are accustomed to one-on-one assistance. We must consider whether telephone-only inquiries, as proposed by the Commissioner, are appropriate.

Frankly, I am skeptical that the individual needs of claimants can be solved over the phone. I believe that the field offices continue to provide a very necessary service.

But I understand that in my State of North Dakota, the field offices have been forced to cut support staff. Reviewers have less time to visit people in rural areas because they spend much more time doing paperwork.

I would like to welcome Commissioner Hardy for appearing here today. I hope that she can address some of these concerns.

And again, I want to thank the chairman for his dedication to quality Social Security service.

The CHAIRMAN. I don't know where calls from North Dakota are routed, Senator Burdick. In the State of Arkansas there are 75 counties; so far, there is only one county that has the 800 number. In a matter of the next several months, however, all of the 75 counties will be included. In the one county, Faulkner County—which is a large rural county north of Little Rock—callers think that they are talking to the local Social Security office in downtown Conway, but they're actually talking to someone in Birmingham, AL.

The rules in Alabama for SSI are different from the rules in Arkansas. Misinformation and wrong information are often the result.

These concerns led me last fall to ask the General Accounting Office to spotlight some of these problems. And certainly enough, these problems developed.

We're getting ready in just a moment to call on Ms. Hardy of the Social Security Administration to discuss these problems.

I asked Mrs. Lippert if she might have any questions I might ask Ms. Hardy. I wonder if either of the two other panelists have a question for her. If you do, please submit it to me and I will ask that question.

Mrs. LIPPERT. Well, the only thing I said was when we sent the death certificate in they didn't send his December check. They got that off right away.

The CHAIRMAN. Mrs. Baillie?

Mrs. BAILLIE. I think a lot of people need help in just filling out forms. You cannot do that on the telephone.

The CHAIRMAN. That's a good point.

Judith Price.

Ms. PRICE. I can't think of anything right now, but may I ask later if I think of something?

The CHAIRMAN. Well, certainly. You send a question or two up, or a comment, and I'll be glad to relay that to Ms. Hardy or the proper officials.

We do want to thank this panel. You've come from a long way, and we very much appreciate your testimony. You have spotlighted some of the problems, and you have related your personal experiences. Unfortunately, we could multiply them by probably thousands and thousands, as we are now beginning to get many, many concerns expressed to us.

Thank you very much for your attendance this morning.

Mrs. LIPPERT. Thank you.

Ms. PRICE. Thank you.

Mrs. BAILLIE. Thank you.

The CHAIRMAN. We would like at this time to call Dorcas R. Hardy, the Commissioner of the Social Security Administration.

I would like to welcome you this morning.

Ms. HARDY. Thank you, Mr. Chairman. How are you?

The CHAIRMAN. I'm doing fine. The question is: How are you?

I don't know if you were in the room when this panel that preceded you to the witness table testified, but they did bring out some very serious concerns and problems with the 800-number initiative and Project 2000.

We look forward to your statement, and then we will have some questions.

STATEMENT OF DORCAS R. HARDY, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY JOHN P. McHALE, PROJECT COORDINATOR, NATIONAL 800 NUMBER; JAMES KISSKO, SENIOR EXECUTIVE OFFICER; AND RUTH PIERCE, ASSOCIATE DEPUTY COMMISSIONER FOR OPERATIONS

Ms. HARDY. Thank you, Mr. Chairman. It is a pleasure to be here.

I am accompanied by Ruth Pierce, who is the Associate Deputy Commissioner for Operations; Jim Kissko, Senior Executive Officer; and Jack McHale, who is Project Coordinator of the national 800 number.

I am pleased to be here today to discuss one of our ways to improve service to the public, the toll-free telephone service. It is a new nationwide—not quite nationwide—integrated network. It will make it easier and more convenient for the public to discuss and conduct its business with Social Security. It is a reflection of our long-standing and very proud commitment to provide the best public service we can and to really keep that commitment of high-quality service to the American public.

Our new 800-number service, as you know, began last October. It immediately improved our telephone service by offering toll-free service for 10 percent of the population who previously had to pay long-distance charges to get in touch with Social Security.

At present, 60 percent of the Nation is served by the 800 number. They are served with an SSA representative from 7 a.m. to 7 p.m., which is a 50-percent increase over our previous 8-hour workday. When phase II of the system is up in October, everyone will be able to reach us through that number.

As I think you are aware, as part of phase II we are establishing three large teleservice centers throughout the country, and we are expanding the one that we already have in Birmingham.

On October 1, there will be roughly twice as many telephone service representatives on duty in the TSC's as there were before October of this year.

We have adopted the 800 number service because our own and General Accounting Office studies indicated that to improve our telephone service we would have to fundamentally change our approach.

In a May 1988 survey—about a year ago—it was found by GAO that 34 percent of all of the test calls did not readily get to an SSA employee, and that there was a busy rate of over 15 percent.

In April 1988, just before that, our study had indicated a nationwide busy signal rate of more than 35 percent.

Now, as GAO noted in its September 1988 report, SSA considered a number of alternatives for improving its service besides the national 800 system. GAO said that, "considering SSA's objectives for improving service, and the shortcomings of its current phone system, its decision to implement 800 service appears to be reasonable. Improving phone service using the 800 system will cost $34 million per year more than the current service but $19 million less than improving service using the current system."

We have used two basic measures, which I know you're concerned about, to gauge our performance with the 800 number service—busy signal rates and accuracy rates.

Under both measures we have met the challenge of successfully implementing a very technologically complex telephone system.

From October to December 1988, busy signal rates were roughly in line with the rates that GAO found before October 1. In January and February our busy signal rates did go up because many people retired then or they had put off making routine calls to us during the December holidays. Busy signal rates were high, especially on peak days, which are check days, the first week of the month, and on the first days of each week, which is not unusual. It is human behavior in this country to call at certain times.

We took immediate action to deal with that high demand. We extended the TSC hours of service, and we started using automatic answering machines so callers could report events that were simple, such as changes of address.

We worked closely with our service contractor to redesign our call routing plans to reflect patterns of demand. And, starting in March, we detailed employees from nearby field offices to TSC's to answer calls on certain peak days. These actions were successful—very successful—and for March, historically our busiest month of every year, our busy signal rate dropped to 9.3 percent.

Now, by the end of 1989 our goal is to have a busy signal rate that averages no more than 5 percent. We think we can get there.

Our second basic measure of our performance is the quality of service that we deliver to the public. We conducted two surveys—in October of last year and just a couple of months ago in January. Surveys were intended to assess very, very technical knowledge of our newly trained TSC staff of over a couple of hundred people.

The test questions we posed were more difficult than those we receive from average callers. At the same time, our studies show that more than 92 percent of the time they were answered correctly in the first survey, and more than 94 percent of the time in the second survey.

We monitored our TSR's, our telephone representatives' calls to determine the accuracy of the information that was actually being given to the public, and it showed that more than 97 percent of the time our phone representatives provide the correct answer with respect to eligibility and payment levels.

Now, the new 800 number not only provides quality service, but it is also extremely popular. During our first 6 months, we received 22 million calls throughout this country—which was 20 percent more than we had expected. We also conducted a study in February to find out how well the 800 service met the needs of those who have used it. That showed that 84 percent of our callers were satisfied with the 800 number service. I admit that is not 100 percent, but it is 84 percent. And 98 percent thought they had been treated courteously. We would like both of those numbers, clearly, to be 100 percent.

One reason for the high degree of satisfaction is that callers can take care of their business with SSA with a simple, toll-free call. And 90 percent of the callers using the 800 number now can get through on the first try on non-check days. And in 87 percent of our cases the telephone representative can complete the business, the necessary action, to resolve their questions.

So, Mr. Chairman, we believe that the 800 number service represents increased service to the entire public. It is an addition to, not a replacement for other modes of service. Certainly we have encountered challenges during this transition year, but the record shows that SSA, as you should expect, has met that challenge.

We have had intensive planning for implementation of our 800 number service in October, and that has paid off. I'm confident that we will be able to successfully implement phase II to be 100 percent nationwide by October 1989. This will be the largest 800 number operation in the world, and we want it to be the best.

Once phase II is fully implemented and tested, I think we will be able to achieve fully our goals of providing convenient and accessible and high-quality telephone service.

In closing, Mr. Chairman, I'd like to just read two short statements from many letters that we received from our customers who were satisfied with our 800 number service.

We had a 62-year-old couple in Sherman Oaks, CA, who wrote to me and said, "All that I can say is that this was one of the finest business experiences I have ever encountered in the 48 years that I have been in the business world. Doubly so, because most dealings with Government agencies leave an awful lot to be desired. Congratulations to all who have had a hand in developing this program and in the selecting and training of people like Miss Warren."—their teleservice representative—"It was outstanding."

And finally, from an individual in Sun City, CA, who is currently a beneficiary: "During these times when business and Government

have grown so big because of the need to serve so many people, I found it refreshing to know that Government is just as or even more service oriented than some of our large corporations."

Thank you, Mr. Chairman.

We are here to answer your questions.

[The prepared statement of Ms. Hardy follows:]

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration
FOR RELEASE ONLY UPON DELIVERY
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Baltimore MD 21235

STATEMENT
BY

DORCAS R. HARDY
COMMISSIONER OF SOCIAL SECURITY

BEFORE THE

SPECIAL COMMITTEE ON AGING
U.S. SENATE

ON

SSA'S TOLL-FREE TELEPHONE SYSTEM

APRIL 10, 1989

Mr. Chairman, I am pleased to appear before you today to discuss the Social Security Administration's (SSA's) toll-free telephone service.

Introduction

This new 800-number service is just one of several very important recent improvements in SSA's service to the public. One of my highest priorities as Commissioner has been to maintain and improve SSA's record for providing high-quality public service.

Before describing in detail the improvements we have made in providing service over the telephone, I would like briefly to mention several other recent advances in the quality of SSA's service.

- New computer terminals have been installed in all of our local offices and the teleservice centers (TSCs). These terminals provide immediate access through SSA's modernized claims system to most of our major data files so that we can process claims and serve the public more quickly and accurately.

- In August 1988 we inaugurated a new Personal Earnings and Benefit Estimate Statement (PEBES) which provides workers with a record of their Social Security earnings and with estimates of future benefits. PEBES has drawn an enthusiastic response from the public. Thus far, over 3.5 million PEBES forms have been issued to members of the public who have requested them.

- We also implemented nationally a new service that allows parents to request a Social Security number for their newborn children as part of the State birth registration process. The public's response has been so positive that the service is now available in 40 States including the District of Columbia and Puerto Rico. Almost all of the remaining States plan to participate in the near future.

- We have concluded a memorandum of understanding with the Internal Revenue Service on the reconciliation of differences in the wage reports employers send to the two agencies. Through this cooperative effort we will be able to credit additional earnings that could in some cases increase Social Security benefits. We are also working with employers to improve the accuracy of their earnings reports so that every worker receives Social Security credit for all of his or her earnings.

Toll-Free Telephone Service

Now, let me turn to a discussion of SSA's other important public service accomplishment--our toll-free telephone service. This new service, which was implemented on October 1 last year, immediately improved telephone service by offering toll-free service to the 10 percent of the population who previously had to pay long-distance charges to call SSA. At present, 60 percent of the Nation is served by the 800-number service, and we plan to implement this service for the remainder of the country on October 1.

The 800 number improves the accessibility and convenience of SSA service by extending the hours the public may talk with an SSA representative to 7 a.m. to 7 p.m. nationwide--a 50-percent increase over our previous 8-hour workday. This is made possible by the 800 number system's ability to route calls across time zones and by extending the hours of some east and west coast offices. At night, and on weekends and holidays, automated answering equipment provides general Social Security information, automatically processes some actions--such as changes of address--and takes messages for callback the next business day.

When phase two of the system is implemented this October, everyone will be able to reach SSA through one easily accessible and easy-to-remember telephone number that will replace our old patchwork system of phone service.

Major Progress in SSA's Telephone Service

Since telephone service is such an important element in providing good service to the public, we have always strived to provide callers with good telephone access to SSA. To meet this goal, in the early 1970's we established 34 TSCs which at their peak handled about 25 million calls a year. However, our own assessment of the level of service we provided, which has been confirmed by several reports made by the General Accounting Office (GAO), indicated that in order to improve the level of service we would have to fundamentally change our approach to telephone service.

A series of reports completed by GAO over the past several years gives insight into the problems that existed with SSA's telephone service. In these studies, GAO staff called SSA's TSCs and other SSA offices to see how easy it was for their calls to get through. In its final survey in May 1988 prior to the implementation of the first phase of 800-number service, GAO found that 34 percent of all test calls did not have ready access to an SSA employee, and that there was a 15.2 percent busy rate. GAO also found that SSA was not collecting adequate data by which teleservice performance could be measured and that service to the public varied significantly across the country.

In April 1988 we conducted our own nationwide survey to develop some baseline busy signal data for comparison purposes so that we could evaluate the results obtained from the 800-number system. The results we obtained through a sample of 700,000 calls indicated a nationwide busy signal rate of 38 percent, well above the 15-percent goal SSA had set for its TSCs.

Clearly, Mr. Chairman, something had to be done not only to improve our telephone service but also to take account of the public's increasing preference to do business with us over the telephone.

Accordingly, I asked my staff to review the options that were available to us for improving the quality of SSA's phone service. After due consideration, we decided that the best approach for improving phone service was to go to a nationwide toll-free network. Only this option provided improved service along with the benefits of a single nationwide toll-free telephone number.

As GAO noted in its September 1988 report on SSA's implementation of phase one of 800-number service, "SSA considered a number of alternatives for improving its service besides the national 800 system. Considering SSA's objectives for improving service, and the shortcomings of its current phone system, its decision to implement 800 service appears to be reasonable. Improving phone service using the 800 system will cost $34 million per year more than the current service but $19 million less than improving service using the current system."

In addition, GAO concluded that, "We believe the proposed nationwide 800 system has significant advantages over the present structure. In particular, the new system is designed to provide better service, be more efficient, and enhance SSA's ability to effectively manage its phone service workload."

Implementation of 800-Number Service

Establishing a nationwide toll-free telephone system capable of handling the huge volume of calls SSA receives was an enormous technological undertaking. The new system replaces a complicated mosaic of service provided by 34 separate TSCs. Each TSC had its own set of telephone numbers which were used in specific geographic areas. In addition, smaller telephone answering units, called statewide answering units or "mini-TSCs" were set up within many field offices to handle increasing telephone workloads in their service areas.

We decided to implement the toll-free system in two phases. The first phase went into operation as scheduled on October 1, 1988, and covered the 50 percent of the population served by the existing TSCs and the 10 percent of the population in mainly rural areas that had to pay toll charges to call one of our offices. To assure that the new system had the capacity to handle this additional workload, two new TSCs were opened in Honolulu, Hawaii, and San Juan, Puerto Rico, and the first large scale TSC was opened in the program service center in Birmingham, Alabama. Throughout the entire system, we now have a total of 500 additional teleservice representatives (TSRs) to augment the 1,400 TSRs who were already working in the TSCs.

When phase two of the national 800 number is implemented on October 1, 1989, 800-number service will be provided to the remaining 40 percent of the population. At that point, 100 percent of the population will be served by one 800 number. In order to provide nationwide 800-number service we are establishing three additional large scale TSCs in Baltimore, Maryland; Albuquerque, New Mexico; and Auburn, Washington, and we are expanding the TSC in Birmingham, Alabama.

By October 1, 1989, there will be about 1,000 additional TSRs on duty, increasing the number of TSRs to approximately 3,000. (Along with the increased staff, we plan a corresponding increase in telephone lines of 58 percent.) When fully implemented the 800-number system will employ approximately twice as many TSRs as the system in effect before October 1, 1988. Also, many employees currently working at low grades will have the opportunity to advance as a result of being hired for the TSR position.

By the end of calendar year 1989 we expect to meet SSA's aggressive new goals for providing easy access to telephone service. These are to have a busy signal rate that averages no more than 5 percent and to have no more than 50 percent of calls placed on hold. For calls that are placed on hold, the goal is to limit the time they are on hold to no more than 60 seconds. We expect to be able to meet these aggressive new goals because (1) we will realize efficiencies of scale in the operation of the four large-scale TSCs, (2) the 3,000 staff in the 800 network will have gained the experience necessary to promptly and accurately answer questions, and (3) we will have gained the experience needed to develop and employ the most efficient call routing patterns.

Evaluation of the First 6 Months of 800-Number Service

During the first 6 months of 800-number service we have been monitoring our performance every step of the way. As we have identified problems and gained experience with the system we have been able to modify our procedures along the way in order to improve our performance.

The first measure of performance that I wish to discuss is our capacity for handling calls. The basic indicator here is the busy signal rate. From October through December busy signal rates were roughly in line with the rates GAO found before October 1. Our capacity for handling calls appeared to be adequate although the actual demand was about 20 percent higher than we had anticipated.

But in January and February, busy signal rates were high due to a combination of factors. Increased demand traditionally occurs in the first quarter of the year, because many people plan their retirement to coincide with the beginning of the new year and because many people put off making routine calls due to vacations and holiday activities that occur in December.

In particular, the public received many busy signals in January and February during times when our calls are heaviest--such as on check days, during the first week of the month, and on the first days of each week. To alleviate these problems, we took several actions to strengthen the new telephone system.

- A new plan was developed expressly for our peak call days. We extended the hours of service in certain TSCs on peak days so we could handle more calls.

- As we gained experience with how workloads peaked, we worked closely with the service contractor to redesign our call routing plans to make more efficient use of the entire network. This is an ongoing process which results in greater productivity as both we and our contractor develop a better understanding of how the new system can be adjusted to better accommodate periods of peak demand.

- We also started using advanced messaging technology to report events such as changes of address or to leave a message so that SSA can call the person back the next day.

- Starting in March, we detailed employees from nearby field offices to the TSCs to answer calls on certain peak days. In March we detailed employees on 5 days. We were prepared to detail employees on March 27 and March 28 (Monday and Tuesday) as well, but our busy signal rate had improved so much that we saw no need to do so.

The results of these actions, Mr. Chairman, were very successful. Our busy signal rate was 9.3 percent in March, significantly lower than the 15.2 percent GAO found in May 1988. (The attached chart summarizes busy-signal rate data.) I believe we have demonstrated the network's flexibility and capability to meet the workload, and it is to the credit of dedicated SSA employees that we accomplished this in March, traditionally our busiest month of the year. Now, 90 percent of callers using the 800 number get through on the first try on non-check days.

Quality of 800-Number Service

The second basic measure of our performance is the quality of our service to the public. In other words, "When a person asks a TSR a question, does he or she answer it correctly?" The answer is clearly yes; with respect to eligibility and payment levels, the question is answered correctly more than 97 percent of the time.

A major part of our extensive pre-implementation planning for the 800-number service was for the training of TSRs and for closely monitoring their performance from the very beginning, so we could quickly identify and correct any deficiencies. We provided each of the 500 additional TSRs with intensive training on the Social Security and Supplemental Security Income programs. These training courses lasted 7 weeks and were the same basic training that all of our TSRs, and the service representatives in field offices, go through. After the training course, each TSR was assigned a personal mentor, someone with in-depth knowledge of Social Security, who was available to assist the new TSR with questions and to assure that the TSR furnished accurate information to callers.

We have also conducted a series of surveys designed to gauge the accuracy of the information furnished by the TSRs. The first 800-number quality control survey was conducted only 2 weeks after service began on October 1, 1988, and the second was conducted in January 1989. For these surveys we developed a list of 70 questions about Social Security and SSI. Auditors then called the TSCs and posed the test questions to the TSRs a total of about 8,000 times.

The questions we asked were purposely designed to be more technically complex than the majority of calls we normally receive. The intent of the surveys was to assess the technical knowledge of our newly trained staff to see if they needed additional instruction, so that we could provide extra instruction, if warranted.

Even though the questions were more difficult than those received from average callers, the results of the first study showed that questions were answered correctly 92.4 percent of the time. The second study conducted in January 1989 showed that questions were answered correctly 94.4 percent of the time. Nonetheless, we immediately issued training material to the TSCs on the error-prone technical areas identified by the survey results. We also plan to issue in the near future a series of computer-based training lessons on subjects where the TSRs' expertise could be strengthened.

In addition to assessing technical knowledge through these two surveys, we also monitored TSR telephone calls to determine the accuracy of the information that was actually being given to the public, who generally ask less technical questions. This study showed that TSRs provide correct information more than 97 percent of the time with respect to eligibility and payment levels. (The results of the monitoring are used only to determine accuracy rates and not to measure individual employee performance.)

Public Response to 800-Number Service

Public response to the 800-number service has been very enthusiastic. For the first 6 months of this service more than 22 million calls were placed to the 800 number. This is about 20 percent above our expectations.

We also conducted a survey in February 1989 to find out how well the 800 service met the needs of those who have used it. We recontacted about 1,300 people who had used the service, and we found that 84 percent were satisfied with the service they received, and 98 percent thought they had been treated courteously. Moreover, 91 percent indicated their first preference when doing business with SSA next time would be to do so over the telephone.

This confirms data provided from previous surveys by the GAO and the HHS Office of the Inspector General that a growing percentage of people state a "first preference" to deal with Social Security by telephone in the future.

Conclusion

The objective of the 800-number service is purely to make it easier and more convenient for the public to conduct its business with SSA and is a reflection of SSA's longstanding commitment to providing the public with high-quality service. It is clear that more and more people are comfortable doing business over the telephone and are very pleased with our 800-number service. One reason for the high degree of caller satisfaction is that they can take care of their business with SSA with a simple toll-free call. And, in 87 percent of the cases the TSR can complete the necessary action to resolve the caller's question.

Mr. Chairman, the Social Security 800-number system represents increased service to the entire public. Certainly, we have encountered challenges during this transition year, particularly with our busy signal rates in January. But, I believe the record shows that SSA met the challenge. The 9.3 percent busy rate for March, our busiest month, clearly demonstrates the progress we have made, and I expect to see further improvements in coming months.

As well as providing 24-hour service 7 days a week, the new TSC network has the flexibility to provide continuity of service despite unforseen local events such as floods and snowstorms, many of which occurred in January or February. For example, using our new call routing equipment, in emergencies we can divert to other TSCs in about 7 minutes telephone calls that would otherwise go unanswered.

I believe that the intensive planning for implementation of our 800-number service in October 1988 has paid off, and I am confident that we will be able to successfully implement phase two in October 1989. This will be the largest 800-number operation in the world. I want it to be the best. Once phase two is fully implemented and tested, I believe that we will be able to achieve fully our goals of providing convenient, accessible, and high-quality telephone service nationwide.

In closing, I would like to quote from several letters received from customers who were very satisfied with our 800-number service. From a 62-year old couple in Sherman Oaks, California, preparing to file their retirement claim:

"All that I can say is that this was one of the finest business experiences I've ever encountered in the 48 years that I've been in the business world. Doubly so, because most dealings with government agencies leave an awful lot to be desired. Congratulations to all who've had a hand in developing this program and in the selecting and training of people like Miss Warren. Outstanding!!!"

From a disabled San Diego beneficiary whose physical condition does not permit him to go to the local office and who read about the 800-number service in the National Enquirer:

"So, a special thanks to you for initiating this Social Security 'hot line' arrangement to aid and guide members of the Social Security."

From a Sun City, California retiree:

"During these times when business and government have grown so big because of the need to serve so many people, I found it refreshing to know that government is just as, or even more, service oriented than some of our large corporations."

From a beneficiary in Oregon:

"This morning I made a call concerning my benefits and Mr. Ezell Crenshaw helped me in an efficient, professional, informative, and sensitive manner. He impressed me with his performance and certainly proved once again to me that the Social Security Administration is an efficiently run organization."

And, another beneficiary inquiring about benefit taxation:

"I was so impressed with Mr. E. Martinez--full of knowledge and answered my Social Security questions to my full satisfaction--I even cried a bit about being a senior citizen and he was kind enuf to get me out of my depressed mood!!

"I just wanted to express my good feeling about Social Security and this fine employee--that it was a pleasure to talk to him--he was quite informative and very nice!"

An Illinois physician added:

"In the early part of this week I was given the highest quality of service, by Ms. Grace Mathias, an employee of TeleService Center, it has ever been my pleasure to receive from a person in either the private or public sector. Such an employee reflects great credit on you as well as herself."

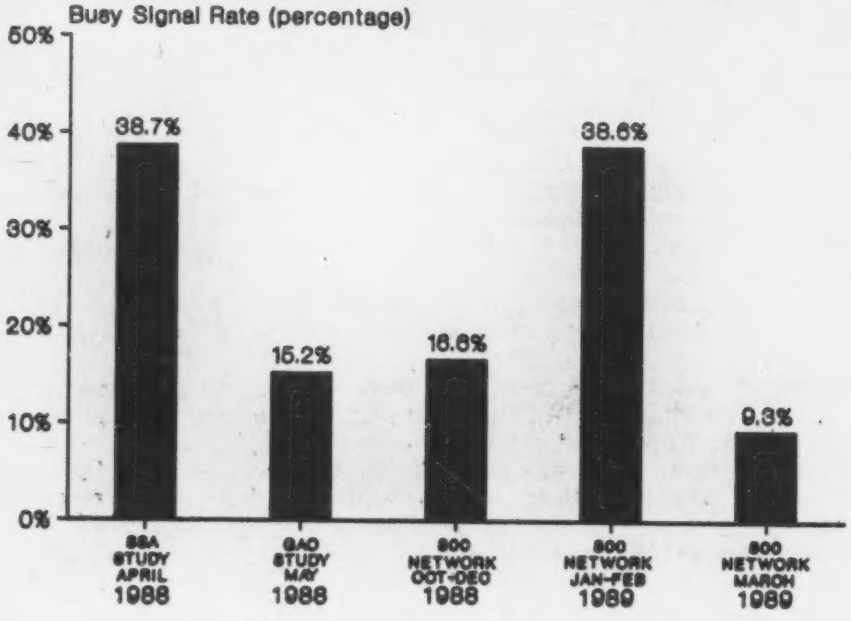
And a Birmingham veteran who wants to join the modern banking era:

"To whom it may concern:

"It was my pleasure to discuss my Social Security direct deposit with Amelia Norris, professional, knowledgeable, polite and patient with this old geezer!

"Congratulations for having her answer your phones."

BUSY SIGNAL HISTORY



The CHAIRMAN. Ms. Hardy, thank you for your statement.

I have asked the GAO to do an update review of this program, and I'm asking you first if you would please provide to GAO, upon their request, a copy of your agency's survey on the accuracy you referred to in your statement.

Ms. HARDY. Absolutely. We always try to cooperate with GAO.

The CHAIRMAN. Now, before the 800-number program was implemented and when it was in its early stages did you do any pilot programs?

Mr. KISSKO. Senator, in the 1970's Social Security began to improve its telephone service across much of the country, and at that time we moved to 800 numbers in a number of localities that covered approximately 50 percent of the population. So for that half of the country we have been involved in 800 telephone service for over a decade, and in those cases the calls that had been going to the district offices were routed to these 34 teleservice centers.

What we found, however, and what was confirmed by GAO, was that the teleservice we were providing through that 800 service through 34 separate locations was not up to the quality that Social Security has set as its standard. And for that reason, and because we wanted to make toll-free service available across the country, we decided to build on the existing network of teleservice centers we had and to augment them to develop this nationwide network which we have put in place, which has received a good deal of support and endorsement from independent monitoring authorities such as the General Accounting Office.

So I can say that we have piloted and tested for over a decade how teleservice should be provided.

The CHAIRMAN. What's wrong with the old system we had? What's wrong with a person calling their local Social Security office and asking them these same questions?

Ms. HARDY. Mr. Chairman, as Mr. Kissko pointed out, 50 percent of the country before this didn't talk to a local office.

The CHAIRMAN. Wait a minute. Let's slow down a minute. Say that again please?

Ms. HARDY. Fifty percent of the country before October was talking to teleservice representatives, not a local office. You didn't walk in there.

Then we added 10 percent, who were the people who had to pay to call us. We didn't think that was fair. So we took the old 50 percent plus the 10 percent.

The 40 percent that will come up by October are currently calling one of 700 other places with 700 different numbers around the country.

The CHAIRMAN. Now, when——

Ms. HARDY. So I think your concern is—if I go back to the question—what is wrong with the old system. We have expanded the old system, and that's why we've been able to decrease busy signals and, we think, provide better service. It will expand——

The CHAIRMAN. You advertise this program as an option for the Social Security recipient with a problem; isn't this correct?

Ms. HARDY. Correct. You can come to the office——

The CHAIRMAN. What option do you have if they know only the 800 number, but now in the new telephone directories you are re-

fusing to give out the number for the local office? What kind of an option is that, Ms. Hardy?

Ms. HARDY. That is an entry point. If you call on the phone you will enter the large Social Security Administration through a telephone number. But if you would like to go to the office, you can use that number to schedule an appointment. You won't have to stand in line. You can use that number to get your service if you don't need to go to the office.

Not everybody who calls us is a beneficiary. The 800 number is an entry point. You can't file a claim on that number. You still go to your local Social Security office, and you are referred to them. Your appointment is scheduled.

We believe it is much more efficient and provides better quality service.

The CHAIRMAN. Where are you getting all these teleservice operators?

Ms. HARDY. We have hired about 300 new people nationwide, and we will probably hire several hundred more by October. They will be placed around the country. Of the 2,000 people who are currently answering the phones—12 hours a day or within that time frame—1,700 or 1,800 of them have been with Social Security for a long period of time.

The CHAIRMAN. So out in the field offices are you converting the field officers to telephone operators?

Ms. HARDY. There are people in field offices who currently answer phones, and they will have other work to do or be given the opportunity of continuing to answer the phones in another location.

The CHAIRMAN. What has the 800-number program cost thus far?

Mr. KISSKO. We expect the fiscal year 1989 annual cost of the 800 number to be approximately $117 million, Senator.

The CHAIRMAN. And the results? The Corps of Engineers has a cost/benefit ratio test. What is the cost/benefit ratio in this?

Mr. KISSKO. What we have is a renewed ability to meet the service demands of the public. Let me explain that. Your question is: why move to this national 800 number? We are in the business of providing top-notch service to the American public. Social Security has done so for 50 years now, and we are very proud of that.

What we have found, over recent years, is that an increasing percentage of the public prefers to deal with us by telephone. The General Accounting Office has conducted studies, using sound methodologies based on hundreds of people sampled. The Inspector General has done the same. In each of the surveys since 1984 the percentage of the people who say that their first preference is to deal with Social Security by telephone has increased. It was 51 percent in 1984, in 1988 it was up to 66 percent. So the American public wants to deal with us by telephone, and we find that the public is satisfied with the service they are getting by telephone.

As a matter of fact, in the Inspector General's survey last year, the public's satisfaction with the service they received on the telephone was higher than the satisfaction they had received during office visits.

The CHAIRMAN. That was your own, in-house survey?

Mr. KISSKO. No, sir, that was the Inspector General's survey. That very same survey indicated that of the people who had visited the offices to transact their business, 40 percent of those people said that they would prefer to deal with us by telephone.

So the American public is increasingly desirous of using the telephones to accomplish their business. And, because we want to serve that American public, we want to respond and provide improved teleservice.

This project was not done on the basis of cutting costs; it was done specifically to improve our service levels to the American public. We knew it was going to cost more money, but we would have an opportunity to provide better service. The standards that we have set for the performance of this nation wide system go far beyond the standards for teleservice that we had in place before.

For example, 5 percent busy signal rate is substantially below the 15 percent figure that we had used in the past. People will be holding on the telephone for shorter periods of time than they did before. More and more of their business can be transacted by telephone.

The CHAIRMAN. Senator Burdick has some questions.

Senator BURDICK. I want to save money, like anybody else, and I want to get service, like anybody else. One of the problems I see on this system is: Suppose I have a Social Security problem and I call this number and I get a fair answer. By the time I go home I think, "Why didn't I ask them this?" What chance have I got to get back to the same operator that I talked to before?

The CHAIRMAN. Excellent questions.

Mr. KISSKO. That's a good question, Senator. You're not likely to get back to that particular teleservice representative.

Senator BURDICK. Then you have to go over the whole show all over again then, don't you, from the beginning?

Mr. KISSKO. Probably not, because each of those teleservice representatives has in front of him a computer terminal on which the business is conducted. As a result, when you first called in and your name and number came up on the screen, actions were taken on your file electronically so that the next person who goes into your file through the terminal will see what actions were taken by the previous teleservice representative. So, in most cases, you would not have to go through the same process again, Senator.

Senator BURDICK. You mean that clerk number one has conveyed that information to clerk number two through this machinery?

Mr. KISSKO. It is in the data bases of the machines. That is right. It can be gotten to anywhere in the country where there are teleservice operators.

Senator BURDICK. It seems to be on a slippery slope here. When I talk to this number one clerk and told my whole story, I don't know how that can be conveyed to clerk number two.

Ms. HARDY. If it was something that had to do with your personal Social Security record, that could clearly be conveyed because we would have to work on your record through the computer. If it was, "I would like to make an appointment to go to my office. Where is the closest office?" then we would say, "The closest office is 'x'. These are the times they have available to see you. Please let

us know when you would like to be there and someone will call you to confirm."

Senator BURDICK. This sounds very good, but I have been around this place a few years and I've got a problem I can't solve in one call. Most of the time you've got to come back and come back and come back. I'm wondering what the person out there in North Dakota is going to do about this situation. The chances are he won't get the same operator again.

Ms. PIERCE. Senator, if you have a problem that is going to involve a re-contact, most generally we would have set that up so that you would be dealing with your local district office, and that person would be re-contacting you. If you have a general inquiry or want to report something for the first time, the 800 number is what handles it. But if you have something that is a recurring problem, most likely the 800 number would have referred you to the district office, in any event.

Senator BURDICK. You've missed my point entirely. At the time I had the first conversation I didn't know it was going to recur.

Mr. KISSKO. Senator, in fact, 84 percent of all contacts that are made by telephone are completed during that telephone call. That means less than one out of five people would need to make an additional contact either in going to a district office or having to follow up. Most of the inquiries that are handled through this 800 system are brought to completion during that single phone call.

Ms. HARDY. We have some data that shows the kinds of calls we are getting. For example one is: How do I get a Social Security number?—18 to 20 percent of calls have to do with getting a Social Security number or getting a replacement card. That involves a form that gets filled out and can be sent out to the caller. We will take their name and address, and that gets sent. That call is completed.

If they have other questions about how to fill out that form they would have to call us back anyway once they get the form.

Senator BURDICK. That's my point. On the follow-up question, the taxpayer has no assurance he will talk to the first one that he talked to to get the full background, so he has to go over the whole thing again.

Ms. HARDY. That is correct, but most of those calls are general inquiries. They are not the kind of call that you are concerned about. As Ms. Pierce was saying, we can tell by talking to you if we think it is going to be complicated—these people are well trained—and they would refer you to the local office. We would want to handle you on an individual—daily, if necessary—basis at the individual local office.

Senator BURDICK. When you talk about 80 percent, most, and so forth, I'm talking about all. I'm talking about that lady that can't get through with her call and can't get her information. She isn't very articulate to start with. She is not going to talk to the same person. She will call again, and she has to go all over it again. It seems to me you lost this personal touch that you have had in the past. That's all.

Ms. HARDY. We think we're providing good, personal, public service, Senator.

Senator BURDICK. I know that.

The CHAIRMAN. Ms. Hardy, if Senator Burdick is sitting out there some evening in Fargo, ND, by the fire trying to stay warm, and he calls the 800 hotline——

Senator BURDICK. We've got a heat wave. What are you talking about? [Laughter.]

The CHAIRMAN. If he finally ever gets through—let's assume he gets through after 2 or 3 hours—he and Mrs. Burdick are sitting there and they're getting frustrated, and finally one more call is going to go through. So Senator Burdick says, when someone answers the phone, "May I have your name?" does that caller give Senator Burdick his name?

Ms. PIERCE. Yes, sir.

Ms. HARDY. Yes. That's where I was reading they were sending in these glowing reports about our TSR's.

The CHAIRMAN. And then, if he calls 2 weeks later and requests that same individual to talk to, could he do that?

Ms. HARDY. It is unlikely that he would reach that same individual.

The CHAIRMAN. I know that. Could he request it? Could he say, "I'd like to talk to Pat Jones. She was so nice and has all of my case."

Ms. PIERCE. It's conceivable. It would depend on what teleservice center he gets to.

The CHAIRMAN. If he calls from Fargo, ND, to the 800 number, what State is he talking to?

Ms. PIERCE. More than likely, depending on what time he calls, Senator, he would probably be reaching the Denver, CO, area. However, if he calls during our peak periods—on one of our check days, as the Commissioner had described earlier—he may, because we have to route those calls based on what the traffic is, reach another office. If he does reach another office, it is then difficult for us to make sure that he would get the same person.

The CHAIRMAN. In Denver, CO, do they know that the SSI program may be different from Fargo?

Ms. PIERCE. Yes, sir, they do.

The CHAIRMAN. How do they know this?

Ms. PIERCE. They know that because we have instructions in our teleservice center representative guidelines that indicate that there are differences in the State supplements and other kinds of requirements depending upon the area of the country from which they call. They are there by State.

The CHAIRMAN. I wish——

Ms. PIERCE. If it gets too complicated, that is when we ask the teleservice representative to refer the caller to their local district office, because we don't want them to give complex, inappropriate information at the national level.

The CHAIRMAN. In all due respect, I wish you would go down to Birmingham this afternoon and instruct those people who are getting calls from Arkansas, because the people in Arkansas are getting wrong information about their benefits. I think this is a very critical point, and I hope that you will do this. Every State has a different program that impacts these, like the black lung program, for example. Each State has a different set of rules.

Ms. PIERCE. Yes, sir. We are aware of that.

The CHAIRMAN. Now, Senator Burdick, go ahead. You had such a good line of questioning I was just trying to refine it.

Senator BURDICK. Thank you, Mr. Chairman.

It is only conceivable that if I contact an officer—and "only conceivable" is the word you used here—and I want to further explore this problem, it is only conceivable that I get the same operator again? Is that right?

Ms. HARDY. It is very possible that you will. As Ms. Pierce said, during a non-check, non-peak day, then that would be referred in.

I also want to point out you said you were calling us at night. You couldn't do that before. We are there to serve you at least from 7 a.m. to 7 p.m. with that person. We think that that expanded service is very positive. And you do have a likelihood that you will get through 90 percent of the time on the first call, and by October we expect that to be 95 percent.

Senator BURDICK. So it goes from conceivable to possible?

Ms. HARDY. During 7 a.m. to 7 p.m. on a non-check day—say a Thursday or a Friday in the middle of the month—you could ask for that person and probably get that person at the Denver TSC. But if it is so complicated that you need to keep calling us three or four times, we would understand the complexity and we would refer you to the Fargo district office and set up an appointment and have you continuing to talk with the claims representative in Fargo. We're not trying to deny that opportunity.

Senator BURDICK. But you and I understand this thing. We're business people. But that isn't true of all of the people. There are people that call back because they forgot to tell them something. It is just possible—or conceivable--that you get the same party again; is that right?

Ms. PIERCE. That's correct.

Ms. HARDY. Yes.

Ms. PIERCE. Which is exactly how 50 percent of the country has been running since the middle 1970's.

Ms. HARDY. Since the middle of 1975.

Mr. KISSKO. Senator Burdick and Senator Pryor, I think it is really important to point out that what we are doing is trying to respond to the service demands of the American public. We have clear evidence that an increasing percentage of the public appreciates the convenience of transacting business with Social Security, as well as other kinds of businesses, by telephone. The American public is increasingly getting sophisticated and comfortable with using that telephone. That evidence comes from objective, sound, methodological studies done by the Inspector General's Office and the General Accounting Office. These are representative samples, unlike the panel that was here earlier, which is an unrepresentative panel. It was three people who, unfortunately, did not receive the kind of service from Social Security that we are proud to give to most of the American public. Those are the exceptions.

What we are trying to do is to respond to those 40 million beneficiaries and those 120 million people out there who deal with Social Security on a fairly routine basis. It is a huge operation. We want to be ready to serve them now and well into the next century, and we need to be able to listen to what they are saying and respond.

They are telling us that they want to deal by telephone with us more and more. We want to respond. That's good service.

The CHAIRMAN. Isn't the philosophy of this whole program to discourage or to dissuade the caller or the individual from going to their local office?

Ms. HARDY. No, sir. We see that we are a national program. We are trying to provide better service and, as Mr. Kissko pointed out, service that the American public expects.

The front line—that teleservice representative—is there for information and referral, is not taking claims, is not doing the very detailed, very complex statutory work that is done in the district offices. Those questions are referred to the district offices.

The CHAIRMAN. But you stated in a Social Security document, "SSA should move forcefully to make teleservice the predominant mode of service long before the year 2000." So it appears to me, just as a layman reading that, that you're trying to shift the field office operation to the telephone.

Ms. HARDY. We currently have 700 telephone numbers, of which 650 of them are sites where we are answering the phone throughout the United States. We are currently doing this with 754 different telephone numbers. We are trying to move to one large, nationwide, accessible, equitable, good-service, public number.

I do see that we will continue to have the opportunity for people to have face-to-face contact with Social Security whenever they want.

The CHAIRMAN. Your colleague has down-played the previous panel and called them "unrepresentative." When Senator Burdick and I have people who are dissatisfied with a Federal program, then we try to step in and try to see what's wrong with the program. That's part of our job.

Ms. HARDY. Yes, sir.

The CHAIRMAN. Now, Mrs. Price—and Judith Price had no reason to come all the way from Akron, OH, to Washington, DC—said at every step she was discouraged from going to the Social Security local office, and that person on the other end did everything they could to prevent her from going there.

Mr. KISSKO. Let me respond, Senator. First of all, remember that two thirds of the public we serve states in independent surveys—not to us, but to higher monitoring authorities—that their first preference is to deal with us by telephone. That is two out of three, and that number has increased over time.

Over the same time, from 1984 to 1988, the number of people who give an office visit as their first preference has declined from 45 percent to 34 percent.

What we are trying to do is to respond to those public demands. Now, the panel may not have been representative earlier today, but they testified to problems that they had encountered.

What we are very proud of in the Social Security Administration is that we have a reputation among Federal agencies that is superior. We know from these same surveys that 63 percent of the American people who have familiarity with Government agencies say that Social Security gives better or vastly better service than the typical Federal agency. Another 33 percent say we do as good.

Social Security has a strong history of dedication to public service, and the telephone—improving our access and the quality of our service through teleservice—is another aspect of this. We want to be in the same position of having the American public testify to the service we provide for decades to come.

The CHAIRMAN. What is the instruction given to the teleservice operator at the other end of the 800 line with regard to the time limit upon that phone conversation?

Ms. PIERCE. We don't give the operator any time limit, sir, for the length of the calls. They are to handle the call until completion.

The CHAIRMAN. There is no indication that something like 240 seconds would be the maximum?

Ms. PIERCE. Now, 240 seconds is the length of time of call that we used in terms of measuring how many teleservice representatives we should have and what our volume of calls should be in terms of trying to manage the system. That is the average length of call that we are involved in right now, but no operator is told—there is no instruction from headquarters that tells an operator that they must complete a call in 240 seconds, Senator. They are required to complete a call.

The CHAIRMAN. They are under no pressure to try to complete that call in that time frame?

Ms. PIERCE. There is no direction from headquarters that tells someone to complete a call in 240 seconds.

The CHAIRMAN. Before Project 200 was instituted, what discussions were held with Congress? What discussions were held with some of the groups representing the aging community about how this program might be made better or how it might be of service?

Ms. HARDY. I think Mr. Kissko has pointed out some of the surveys that have been taken outside of the agency in terms of how people would like to deal with Social Security and their preference for Social Security. But "The Year 2000, A Strategic Plan," of which the 800 number is one part, is a management and planning tool to make sure that Social Security gets to the year 2000 before it arrives on our doorstep tomorrow and we aren't prepared for it.

We consulted with lots of outside organizations, briefed them, discussed with them, etc., about how best to improve service to the public through the use of a strategic planning document.

The CHAIRMAN. Well, I'll just make this prediction, and here it is, "In April, 1989, I will predict that by the year 2000 that we will have no Social Security offices on the local level"——

Ms. HARDY. I don't think that——

The CHAIRMAN [continuing]. "There won't be a need for Social Security offices. We may have in some part"——

Ms. HARDY. Is that what you would like us to do?

The CHAIRMAN [continuing]. "Of the country a massive warehouse, a communication system where all calls go into one place. You'd say"——

Ms. HARDY. Is that what you would like us to do?

The CHAIRMAN. I'm not—well, if you put it in Little Rock, AR, maybe so. [Laughter.]

But if things go as SSA now plans, there will be no role for the local Social Security office. In phone directories the office number

is not going to be included. Here's a 1989 phone listing, and all we have is a number for the Hearings and Appeals Office. That is for Northern Virginia. I'm sure it would be the same in North Dakota or in the State of Arkansas or South Carolina. There is no number or address for local offices. Where is the option?

Ms. HARDY. The 800 number is your entry into Social Security's service delivery system. I think you've got to understand why people are calling us. They're calling us for general inquiries, they're calling us for getting a Social Security number. We keep making people get Social Security numbers at age 5 and at age 2 and whatever. We're putting out 18 million Social Security numbers a year. They are calling us for general information, and we are referring them to the local offices, where we have more highly trained individuals to take claims and to process their payments. I think it makes for a much better public service—especially for everyone in the State of Arkansas.

Mr. KISSKO. Senator, if you were to go through our strategic plan toward the year 2000, in which we have described the 800 tele-service as a goal, you'll also find in there the same commitment Social Security has made to service. In that document we point out that we want to be there where people want us to be. We want easy accessibility by mail, by office visits, or by teleservice. It is the individual's choice as to which they choose, and we are adamant about that, and we are adamant that there will be no office closings as a result of this 800 teleservice initiative. There are none planned. We have the 1,300 district offices that we have had for some years.

The CHAIRMAN. I don't think, with all due respect, that people are being really advised of their choice. I think right now you've got to shift the emphasis to the option and to the choice. I think many of the callers now feel their only access to Social Security is the 800 number.

Senator Burdick.

Senator BURDICK. I want to thank you for your testimony this morning, but I've got to equate it with some of the problems we have in turning this all over to the telephone. I have somebody walking around my office going slightly crazy waiting to get through to get my airline reservations confirmed by telephone. I hope you do a better job than some of these airlines.

Ms. PIERCE. We hope so too, Senator.

Senator BURDICK. That's all telephone.

Ms. HARDY. We do a better job, Senator.

The CHAIRMAN. I'm going to shift gears for a moment while Ms. Hardy is here. I'm going to talk for a moment and ask a few questions about another issue. I believe you have been informed that we were going to discuss this issue.

It is my understanding that firms such as TRW, Citicorp, other private commercial firms, have been seeking the verification of Social Security numbers.

Now, I would just like to read some SSA statements from 1979 and reiterated again in 1980 by some of your predecessors in SSA: "The Privacy Act of 1974 prohibits us from disclosing information from our records without written consent of the individual involved."

Two, "It would severely overtax our limited computer resources to the point that it would seriously interfere with the performance of our primary function."

Third, "It would not be appropriate for SSA to encourage the expanded use of the number in the private sector as a standard, universal identifier."

Now, you are gearing up to start furnishing this information now to private companies. I want to know why.

Ms. HARDY. Sir, I am glad you brought that up. I am very concerned about protecting the integrity and the confidentiality of our records, and have asked our Policy Council to review the issue and get back to me, and I expect I will be meeting with them this month. As I do that, I would like to have the opportunity to meet with you and your colleagues and discuss this in further detail.

We are all concerned. We want to make sure that we do exactly what is correct. It is my understanding under the Privacy Act and under the Freedom of Information Act that we have some conflicts going on here. We have attorneys telling when you could and when you couldn't——

The CHAIRMAN. Did you ask the General Counsel?

Ms. HARDY [continuing]. So therefore I haven't done anything about TRW yet.

The CHAIRMAN. How many Social Security numbers have you released or verified?

Ms. HARDY. None.

The CHAIRMAN. Zero? What about Citicorp?

Ms. HARDY. That was done in the past. I don't know how many numbers, but they are negative verifications. In other words, it says "999-99-9999" and they have "Dorcas Hardy" next to it, and we say, "They do not match." We don't say what the number is. That has been going on in the agency, as you pointed out—that's the Freedom of Information Act——

The CHAIRMAN. Is that the role or the function or the mission of the Social Security Administration?

Ms. HARDY. The attorneys tell us that, with Congress having passed the Freedom of Information Act, their interpretation of what was passed is that that has to be done.

The CHAIRMAN. Did you seek this advice from your own General Counsel?

Ms. HARDY. We have some advice forthcoming specifically on the TRW discussion, and I am waiting to hear——

The CHAIRMAN. What other companies have requested the Social Security Administration to——

Ms. HARDY. We can supply the committee with a list. We'd be glad to do that. We do verify for employers. Again, under the Privacy and Freedom of Information Acts, it has been determined that that is something that they are entitled to. But again, it is a negative verification. We would never give out what someone's number is unless we have their signature.

[Subsequent to the hearing, the following information was received for the record:]

Our records show that SSA has provided negative verifications of SSN's using its Enumeration Verification System to the following private companies: Citicorp, Na-

tional Life Insurance of Vermont, Penn Mutual Insurance, Pension Benefit Information, Three Rivers Bank and Trust, and (on a pilot basis) TRW.

The CHAIRMAN. Well, the Chief Counsel of the Social Security Administration, on December 5, 1988, just a few months ago, said, "Where a requester seeks only to confirm that SSA has no record of certain information, we do not believe the Freedom of Information Act requires SSA to comply with the request." Period. That's your own General Counsel.

Ms. HARDY. That was probably in response to TRW material that I haven't fully reviewed.

The CHAIRMAN. I wrote to the Congressional Research Service, the American Law Division, and without——

Ms. HARDY. I believe there are others who have other opinions, so there are always two sides, and we've got to look at this.

The CHAIRMAN. The Congressional Research Service says it is illegal.

Ms. HARDY. It's my understanding that it is not illegal. I haven't looked at all of the material, but it is my understanding that you could interpret both ways. I think it's a question of trying to make the right decision about confidentiality and integrity of that number. We certainly don't disclose any of your earnings data; that's done only to the individual or to a third party with a signed consent.

But I would like the opportunity to go back to the TRW issue. We still have not made a final decision on any of this. It is of concern to me, and I believe that I should at least be discussing this with our oversight and authorizing committees up here.

The CHAIRMAN. Yes.

I'm going to put in the record so that it will speed up your research——

Ms. HARDY. All right. We will get it done this month.

The CHAIRMAN [continuing]. A memorandum of April 7, 1989, to me from the American Law Division, and it is "The Negative Verification of Social Security Numbers by the Social Security Administration: A Violation of The Privacy Act?" And I am going to place this entire memorandum in the record.[1]

Ms. HARDY. Mr. Chairman, I hope it also addresses the Freedom of Information Act. There is an interesting dichotomy going on here, and that's why we've got to re-look at the whole issue.

The CHAIRMAN. Senator Burdick, do you have any questions in this area?

Senator BURDICK. I think not.

The CHAIRMAN. Ms. Hardy, can you assure the committee as to how many names—you say that no names have been verified for private companies—can you assure us that no names and no Social Security numbers have been verified under this?

Ms. HARDY. No, no names or SSN's have been verified with regard to the TRW discussion as far as I know. But no, there have been verifications done for employers, not——

The CHAIRMAN. You're not opening your data banks to private companies in any way, are you?

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[1]See appendix, p. 109.

Ms. HARDY. No. And remember, we do have the other side of the disclosure issue. We're all concerned about the confidentiality and privacy of our records, but we're also concerned about the integrity of the number and that people are using the right number. So I don't want six people getting scrambled earnings and having something of a problem when they come to us and say, "I'm entitled to a benefit," and we have mixed-up numbers. So there are two sides to this.

The CHAIRMAN. I understand that, Ms. Hardy.

Now, someone in your agency, in the Social Security Administration, said that for $1 million they would do a computer run for TRW. What would be on that computer run?

Ms. HARDY. No, we don't do large things like this.

There is one question raised by a verification request that has to do with the policy. The other question is about operations; it's my understanding that these requests come in on big tapes and you have to run the tape, and you come up with whether or not the number matches with the name, and you tell them "no." You don't tell them "yes."

The CHAIRMAN. Well, that consumes a great deal of computer time, is this correct? That consumes the time of the computer?

Ms. HARDY. It consumes a small piece of time—yes.

The CHAIRMAN. And then in addition, you are asking for $30 million increase in appropriations for computers while you may be planning to spend the computer time——

Ms. HARDY. Well, we could charge the $30 million to everybody else, but that's not legitimate either.

The CHAIRMAN. You're missing the point. You're asking for $30 million because you say that you've got to have more computer time, and yet here a private company is using up——

Ms. HARDY. And paying us $1 million.

The CHAIRMAN [continuing]. A great portion of the time.

Ms. HARDY. And paying us for the time they use. They would be charged for that, Senator.

The CHAIRMAN. I understand that. But once again, I think the cost-benefit ratio in a thing like this could be disastrous because we are ultimately looking at privacy and the violation of the Privacy Act.

Ms. HARDY. And the weighing of that with the Freedom of Information Act, so that's where I am concerned.

The CHAIRMAN. Ms. Hardy, to you and your colleagues, let me just say that we're going to watch very, very closely—very closely—what the Social Security Administration does in this field——

Ms. HARDY. And I think——

The CHAIRMAN [continuing]. Because I want to come right out and lay it on the table. I can't speak for Senator Burdick or any of my colleagues here in this committee or in the Senate, but as far as I am concerned, this is as far away from the mission of the Social Security Administration as anything I have ever heard of. I don't like the way it looks. I don't like the way it smells. Every inch, every step of the way, we're going to be watching this.

Ms. HARDY. Well, I look forward to that oversight, Mr. Chairman, because we think we are providing good public service, and

we want to make sure that we protect the integrity of our Social Security records.

The CHAIRMAN. Senator Burdick.

Senator BURDICK. I just hope that they don't have to make too many calls to get the right part.

Ms. HARDY. We are there to provide the best public service we can, Senator, and I do not expect you will have to make very many calls.

Senator BURDICK. Thank you for your endurance and information.

The CHAIRMAN. Ms. Hardy, I don't want to embarrass you, or I'm not trying to embarrass you, but we have in our files on this subject of Social Security numbers an internal SSA memorandum. I will read from your own office memorandum of March 30, 1987: "In February we received a check for $959.77 representing advance payment for the test file of 151,953"—that's names. "The test has been completed and TRW should have received the output file by now."[2]

Now, what are we doing for TRW? Who is TRW?

Ms. HARDY. TRW is a credit company.

The CHAIRMAN. They are also a defense contractor and consultant.

Ms. HARDY. All I know is that they are a credit company.

The CHAIRMAN. Do they do credit background checks?

Ms. HARDY. That's my understanding. That's really the issue, because TRW is not an employer verifying SSN's for their employees, so we are concerned whether we should, as an agency, be verifying SSN's for them when their request involves such a huge number of people; and with a potential to have a negative impact on someone's credit rating. That is not our job.

The CHAIRMAN. A December 5, 1988 memorandum, to Michael Carozza, Deputy Commissioner, Policy and External Affairs, from Donald Gonya, Chief Counsel for Social Security. This relates to this issue that we're in now. Page 2: "The Citicorp request, which we understand is still ongoing, involved the highest volume, a total of around three million Social Security numbers and names."[3]

Has this been done? Has this been completed? Was this given to Citicorp?

Ms. HARDY. There have been some tapes done for Citicorp, it's my understanding, and I——

The CHAIRMAN. You told me that none of this program had started.

Ms. HARDY. TRW. I don't think it has started. If there was a pilot run, then one could say it had started.

The CHAIRMAN. If 3 million names have been given to Citicorp and 150,000 names to TRW, this program is ongoing.

Ms. HARDY. Well, not if it was a test run, it's not ongoing. I have not yet had an opportunity to meet with the Policy Council to decide what we're going to do about another 140 million.

The CHAIRMAN. You don't do a test run on 3 million names and numbers, do you? That sounds like a pretty sizeable sample.

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[2]The complete memorandum is in appendix, p. 112.
[3]The complete memorandum is in appendix, p. 113.

Ms. HARDY. If they're asking for 250 million or 200 million, then what was done earlier was the test run.

The CHAIRMAN. I think this memo indicates they asked for 3 million and they got 3 million.

Ms. HARDY. I believe that may be the case for Citicorp, Senator, but——

The CHAIRMAN. That's correct.

Ms. HARDY. Right, but that is not the case for TRW.

The CHAIRMAN. All right. What relationship does the Social Security Administration have with Citicorp?

Ms. HARDY. Obviously from that memo, we did a run for them to check—to verify, negative verification—for them.

The CHAIRMAN. And how much did Citicorp pay?

Ms. HARDY. I do not know. I can supply that for the record.

[Subsequent to the hearing, the following information was received for the record:]

Citicorp has reimbursed the Social Security Administration $23,613 for negative verification of Social Security numbers.

The CHAIRMAN. Ms. Hardy, I'll tell you, I think either you or this Administration or the agency is on very, very thin ice.

Ms. HARDY. Are you suggesting, Senator, that we not verify anyone's number for anyone, or is it just the credit side that concerns you as it concerns me?

The CHAIRMAN. I'm suggesting that you have some kind of a policy, because no one that I know of——

Ms. HARDY. Exactly.

The CHAIRMAN [continuing]. In the Congress of the United States——

Ms. HARDY. That's fine.

The CHAIRMAN [continuing]. Would like to see this happen. I don't know of one vote that you would get for this policy. I don't know of one.

Thank you very much. We will call our next panel.

Our next panel is Mr. Delfico from the General Accounting Office, accompanied by Mr. Smith.

We welcome you today. We understand that you have a statement, and we look forward to your statement at this time.

STATEMENT OF JOSEPH F. DELFICO, DIRECTOR, INCOME SECURITY ISSUES, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY THOMAS SMITH, ASSIGNMENT MANAGER

Mr. DELFICO. Thank you, Mr. Chairman. I'd like to submit the full statement for the record and present a very brief summary for you at this time.

With me today is the principal assignment manager on the project, Mr. Thomas Smith, who is here on my right. In the audience is Mr. Jeffrey Bernstein, who also helped in putting together this testimony.

I am pleased to present our observations on the performance of the Social Security Administration's 800 phone service for their first 6 months of operation. My testimony today will address the quality of access under the 800 service system. Also, I will address

concerns that have been expressed over the accuracy of the information that SSA representatives are providing over the phone.

Perhaps the most important measure of quality of phone access is the rate of busy signals. In looking at busy signals under the 800 system, two standards of comparison must be kept in mind: The first is the old system, for which the rate of busy signals nationally was about 15 percent, as was measured by GAO in 1985 and in 1988; the second is SSA's performance goal under the new system, which is a busy signal rate of 5 percent or less measured nationally on a monthly basis.

According to SSA, its goal of 5 percent will be realized when the 800 service is fully operational—that's after October 1 of this year. System performance for 800 service for the first 6 months is as follows: For October, November, and December of 1988, the busy signal rate was about 17 percent; in January and February of 1989 the rates were 43 and 35 percent respectively; and finally, for March the rate was 9 percent.

The busy signal rates for October, November, and December—the latter 2 months are traditionally SSA's least busy—are about the same as we had measured under the old system; however, the performance in January and February deteriorated badly with busy rates far exceeding those that we had measured in any of our previous work.

Compounding the problem of managing the traditionally high call volume for January, is that at least in the last 2 weeks of December SSA promoted the availability of the 800 system via notice in the mail to approximately 18 million direct deposit beneficiaries.

Also exacerbating the access problem was a mail-out for non-direct deposit beneficiaries that reached another 18 million people on February 3.

We do not believe that the promotions were prudent, given the uncertainty surrounding the potential effect of such a promotion. Further, the promotions were contrary to SSA's plans articulated to us during our review of their decision to implement the 800 system.

How well SSA planned for January and February is difficult to determine because there is little hard information on what was communicated to the regions and the teleservice centers in preparations for these months or what actually was done in the regions.

In March, the agency experienced its lowest busy signal rate to date—9 percent. To achieve this rate, in contrast to January and February, headquarters took a number of initiatives, such as implementing a major call-routing plan and a special staffing for 5 peak volume days.

The special staffing of roughly 900 people to bolster TSC capacity for peak periods was provided by facilities near the 37 TSCs. For comparison purposes, these 900 people raise the number of people answering the phones from 1,980 by 45 percent.

In addition to the staffing provided for the 5 peak days in March, on the basis of discussions we had with TSC managers it appears that special staffing was also added for many other days in March at the discretion of regional management.

While the reassignment of staff contributed to the reduction of the busy signal rate for March, it raises questions about the impact

on the operations of the field facilities. For example, busy times in district and branch offices often coincide with busy times in the TSC. Given the increasing concern that managers have about ongoing staff cuts affecting their services, these additional staffing disruptions may place more pressure on these offices.

SSA has completed at least two special studies of the accuracy of responses provided under the new 800 system. While the studies provide some insights to the accuracy of information provided over the phone, methodologies employed preclude drawing broad conclusions on the overall accuracy of telephone responses, and the results are not comparable because of differences between the two methodologies.

The first study was completed in December 1988. About 4,300 calls were placed by SSA personnel to the TSCs during a 1-week period in October and a 1-week period in November.

The study found that of the responses to the trust fund program questions—and these are programs such as the Social Security RSI program, the disability program, and the health insurance program—there was incorrect information given about 6 percent of the time. These answers could potentially result in an incorrect payment or loss of benefits.

However, for the SSI program, the study found that almost 18 percent of the responses contained incorrect information, and that could result in incorrect payment or loss of benefits.

The second study almost repeated these statistics. It involved 6,728 calls, and covered the period from February 14 to March 10, 1989.

Again, for the trust fund programs, the errors that could result in incorrect payments or loss of benefits totalled about 4.3 percent; but for the SSI program the error rate was 14.7 percent.

The accuracy of the responses to the questions is a direct function on how well the teleservice telephones are trained. In this respect, two situations that we are aware of may have an adverse impact on the accuracy. There are indications that some of the staff used to supplement the TSC staff may not be qualified. In supplementing the TSC staff of personnel from local facilities, SSA Headquarter officials and six TSC managers we talked to said that most of the additional personnel were service representatives with similar training as teleservice telephones, but it was not uncommon to use personnel other than service representatives to answer the phones.

Potentially the biggest problem that SSA faces with respect to the response accuracy is their plan to expand 800 service. Between now and October 1, 1989, the agency plans to add about 1,100 additional people to the 800 system. Because most of these people will be new hires, we believe that SSA could have a decline in accuracy until the new hires gain some experience and familiarity with the program.

To sum up, Mr. Chairman, the experience thus far under the 800 system has convinced us that measures need to be taken to assure that the public will receive good phone service in the future.

First, based on the experience earlier this year, additional promotion of a system that is already overloaded can have significant negative results. We believe that SSA should cease all promotion of

800 service until the performance of the system is stabilized and improved, and the expansion of the remaining 40 percent of the country is complete.

Second, SSA service has not yet stabilized. Service is poor for January and February, and while March improved, SSA took extraordinarily and potentially disruptive measures to reduce busy signals. In this regard, it is important that temporary staff reassignments be kept to a minimum because of the potential disruption in other parts of the agency.

Consequently, while SSA currently plans to complete staffing the 800 system by October 1, we believe expansion of the system should be contingent on sustained, improved service at planned staffing levels.

Third, SSA should know the total staffing that is being devoted to the 800 system. On the basis of discussions with TSC managers, there may be significant staffing other than regular TSC staff used to help answer phones. Knowledge of total staff resources used is needed to develop effective strategies for reducing the rate of busy signals and to plan for the expansion of the system.

Finally, SSA's efforts to measure the accuracy of its responses to phone inquiries should be designed in a fashion which permits a systematic, comprehensive evaluation of response accuracy and an analysis of trends of this data over time.

The results of any of these evaluations, Mr. Chairman, should be fed back into their training program for TSRs.

Mr. Chairman, that concludes my testimony. We will be happy to answer any questions you may have.

[The prepared statement of Mr. Delfico follows:]

United States General Accounting Office

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Social Security Administration--The First 6 Months of 800 Phone Service

Statement of
Joseph F. Delfico, Director of
Income Security Issues
Human Resources Division

Before the
Special Committee on Aging
United States Senate

Mr. Chairman and Members of the Committee:

I am pleased to present our observations on the performance of the Social Security Administration's (SSA's) 800 phone service for the first 6 months of its operation.

SSA's 800 system became operational on October 1, 1988, and provided access to the 800 number to everyone in the country. However, because SSA was staffed to respond to only a portion of the population, it initially planned to promote availability of the 800 number to 60 percent of the population and planned to carefully promote the number to the rest of the country at a later date.

Mr. Chairman, as you know, we reported on SSA's decision to go to a nationwide 800 system and presented our views in a September 1988 report prepared at your request[1]. At that time we pointed out that there was some risk in proceeding with 800 service--namely, that the demand for service could greatly exceed

[1]SOCIAL SECURITY: Decision to Implement National 800 Telephone Service (GAO/HRD-88-120, September 12, 1988).

capacity, particularly if the use of the 800 number was promoted beyond the system's capabilities.

My testimony today will address the quality of access under 800 service. Also, I will address concerns that have been expressed over the accuracy of the information that SSA representatives are providing over the phone.

ACCESS TO THE 800 NUMBER

Perhaps the most important measure of the quality of phone access is the rate of busy signals. In looking at busy signals under the 800 system, two standards of comparison must be kept in mind. The first is performance under SSA's old system for which the rate of busy signals nationally was about 15 percent, as measured by GAO in 1985 and 1988. The second is SSA's performance goal under the new 800 system, which is a busy signal rate of 5 percent or less measured nationally on a monthly basis. According to SSA, its goal of 5 percent will be realized when 800 service is fully operational, after October 1 of this year.

System performance for 800 service for the first 6 months is as follows: for October, November, and December 1988, the busy signal rate was about 17 percent. In January and February 1989, the rates were 43 and 35 percent, respectively. And finally, for March 1989, the rate was 9 percent (see fig. 1).

The busy signal rates for October, November, and December--the latter two months traditionally being SSA's least busy--are about the same as we measured under the old system. However, the performance in January and February deteriorated badly, with busy rates far exceeding those we have measured in any of our previous work. Traditionally, January is SSA's busiest month, and in January 1989 the agency received 5.2 million calls, about double the number of calls that it received in December. In February, SSA received 4.8 million calls and experienced a busy rate of 35 percent. Figure 2, in the attachment to the testimony, shows the total number of calls made and the number receiving busy signals.

Compounding the problem of managing a traditionally high call volume for January is that in the last 2 weeks of December, SSA promoted the availability of the 800 number (via a notice in the mail) to its approximately 18 million direct-deposit beneficiaries. Also exacerbating the access problem was a mailout for non-direct-deposit beneficiaries that reached another 18 million beneficiaries on February 3. The number of additional calls generated by the two promotions is not known.

We do not believe the promotions were prudent, given the uncertainties surrounding the potential effect of such a promotion. Further, the promotions were contrary to SSA plans articulated to us during our review of SSA's decision to implement 800 service. Our September 1988 report stated: "To restrict access to the 800 number--and to avoid being overwhelmed by calls in excess of its capabilities--SSA plans to carefully promote and advertise the availability of the (800) number." Additionally, in September 1988, SSA also started promoting 800 service by including a notice of 800 number availability in mailings of new and replacement social security cards. In calendar year 1987, SSA issued 16.7 million of these cards.

How well SSA planned for January and February is difficult to determine because there is little hard information on what was communicated to the regions and the Teleservice Centers (TSCs) in preparation for these months, or what was actually done by the regions. In a December 1, 1988, memorandum, SSA headquarters notified the regions of the SSA mailout promoting the 800 number and told them it would increase the amount of phone traffic and directed them to take appropriate action. Also, we were told by SSA that there were teleconferences between headquarters and the SSA regional commissioners in which the regions were told to provide full staff coverage for peak days. We do not know what the regions actually did because they were not required to report on the actions they had taken.

In March 1989, SSA experienced its lowest busy signal rate to date--9 percent. To achieve this rate--in contrast to January and February--SSA headquarters took a number of initiatives such as implementating a major call routing plan and

special staffing for 5 peak volume days. Also, SSA benefited from a significant reduction in the number of calls--from 4.8 million in February to 3.4 million in March. The routing plan involves moving telephone calls from busy TSCs to TSCs with excess capacity. The ability to do this is a unique feature of the 800 system, which according to SSA will not reach its full potential in this regard until it is complete in October 1989. The special staffing to bolster TSC capacity was provided by SSA facilities near SSA's 37 TSCs. These facilities included SSA district and branch offices, regional offices, and program service centers. According to SSA data, the amount of additional staff time devoted to the first 3 peak volume days was about 21,700 hours. This amounts to 7,200 hours per day, or the equivalent of 900 individuals per day. For comparison purposes this equates to about a 45-percent increase over the current TSC staffing level of about 1,980.

In addition to the staffing provided for the 5 peak days in March, on the basis of discussions with 6 TSC managers, it appears that special staffing was also added for many other days in March at the discretion of SSA regional management. The managers indicated that special staffing efforts often were provided for the months preceding March. We do not know the amount and extent of such staffing because SSA headquarters has not tracked supplemental staffing for the TSCs except for the 5 peak days in March.

While the reassignment of staff contributed to the reduction of this busy signal rate for March it raises questions about the impact on the operations of the field facilities. For example, busy times in district and branch offices often coincide with busy times in TSCs. Given the increasing concern that SSA managers have about ongoing staff cuts affecting their service, these additional staffing disruptions may place more pressure on these offices.

ACCURACY OF TELEPHONE RESPONSES

SSA has completed two special studies of the accuracy of responses provided under the new 800 system. While the studies

provide some insight to the accuracy of information provided over the phone, methodologies employed preclude drawing broad conclusions on the overall accuracy of telephone responses, and the results are not comparable because of differences between the two methodologies.

The first study was completed in December 1988. About 4,300 calls were placed by SSA personnel to the TSCs during 1 week in October and 1 week in November. Fourteen predetermined questions covered the Retirement, Survivors, Disability, and Health Insurance programs (trust fund programs), and 10 questions covered the Supplemental Security Income (SSI) program.

The study found 5 percent of the responses to the trust fund program questions contained incorrect information that could potentially result in an incorrect payment or loss of benefits. Another 3 percent of the responses contained incorrect information that could result in additional SSA workloads (1 percent) or caller inconvenience (2 percent). For the 14 questions, the proportion of total incorrect responses ranged from 2.5 percent for a question on disability benefits to 22.9 percent for a question on the annual earnings test for individuals 70 and older.

For the SSI program, the study found that almost 18 percent of the responses contained incorrect information that could result in an incorrect payment or loss of benefits. Another 6 percent of the responses contained incorrect information that could result in additional SSA workloads (2 percent) or caller inconvenience (4 percent). For the 10 SSI questions, the proportion of total incorrect responses ranged from 5.6 percent for a question on representative payees to 51.5 percent for a question on in-kind support and maintenance.

The second study involved 6,728 calls and covered the period from February 14 through March 10, 1989. For this study, 40 predetermined questions covered general inquiries and the trust fund programs. For the SSI program, a total of 30 questions were asked. For the trust fund programs, the errors that could result in an incorrect payment or loss of benefits totaled 4.3 percent. For the SSI program, the error rate was 14.7 percent.

TRAINING OF STAFF

The accuracy of responses to the questions is a direct function of how well SSA telephone representatives are trained. In this respect, two situations that we are aware of may have an adverse impact on accuracy.

There are indications that some of the staff used to supplement the TSC staff may not be qualified. In supplementing the TSC staff with personnel from local SSA facilities, SSA headquarters officials and six TSC managers we talked with said that most of the additional personnel were service representatives. The training for this position is the same training given to SSA teleservice representatives (TSRs); consequently service representatives are the preferred substitute or supplement for regular TSR staffing. At the same time, however, the TSC managers told us that it was not uncommon to use personnel other than service representatives to answer phones. These employees were from regional offices, program service centers and field offices. We do not know the number or qualifications of these individuals.

Potentially the biggest problem that SSA faces with respect to response accuracy is SSA's plan for expanding 800 service. Between now and October 1, 1989, SSA plans to add about 1,100 people to the 800 system. Because most of this staff will represent new hires, we believe that SSA could have a decline in accuracy until the new hires gain some experience and familiarity with SSA programs.

CONCLUDING OBSERVATIONS

To sum up Mr. Chairman, the experience thus far under the 800 system has convinced us that measures need to be taken to assure that the public will receive good phone service in the future.

First, based on the experience early this year additional promotion of a system that is already overloaded can have significant negative results. We believe that SSA should cease all promotion of 800 service until (1) the performance of the

system is stabilized and improved and (2) the expansion of the remaining 40 percent of the country is complete. For example, SSA should rule out activities being considered, such as an Ad Council promotion and revisions to telephone listings in local phone books. Also, SSA should discontinue notifying recipients of social security cards of the availability of the 800 number.

Second, 800 service has not yet been stabilized. Service was poor for January and February and while March improved, SSA took extraordinary and potentially disruptive measures to reduce busy signals. In this regard it is important that temporary staff reassignments be kept to a minimum because of the potential disruption to other parts of SSA. Consequently, while SSA currently plans to complete staffing the 800 system by October 1, 1989, we believe expansion of the system should be contingent on sustained improved service at planned staffing levels. SSA should first reduce busy signals for the 60 percent of the population now being served by bringing its performance levels, over a sustained period of time, closer to the planned goals. When this is achieved, SSA should then proceed to serve the rest of the country on an incremental basis, with service for each increment being dependent on the quality of service provided to the population already being served.

Third, SSA should know the total staffing that is being devoted to the 800 system. On the basis of discussions with six TSC managers, there may be significant staffing, other than regular TSC staff, used to help answer phones. Knowledge of total staff resources used is needed to develop effective strategies for reducing the rate of busy signals and to plan for the expansion of 800 service.

Finally, SSA's efforts to measure the accuracy of its responses to phone inquiries should be designed in a fashion which permits (1) a systematic, comprehensive evaluation of response accuracy and (2) an analysis of trends in this data over time. The results of any evaluation of this nature should be fed back into SSA training programs for TSRs.

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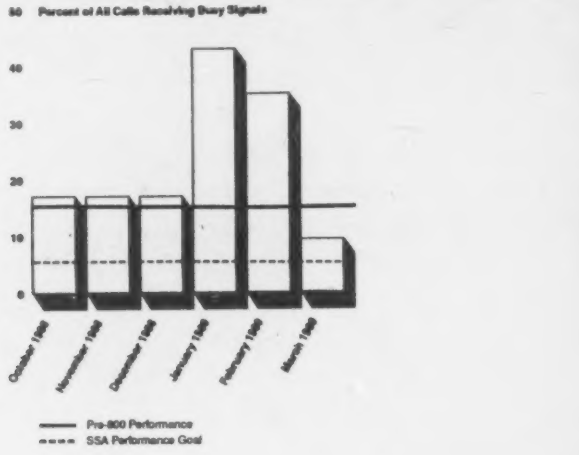
Mr. Chairman, that concludes my testimony. We will be happy to respond to any questions that you might have.

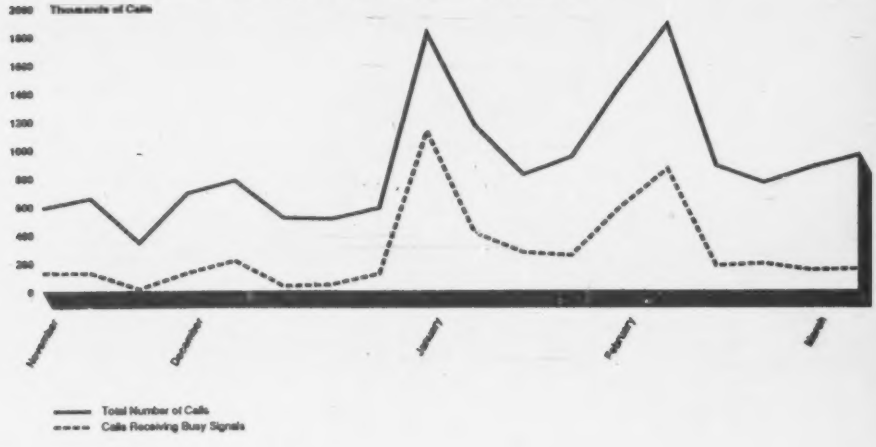
Filename: b:f4
04-07-1989 11:25:19

Figure 1: SSA 800 Phone Service Rate of Busy Signals
(October 1988-March 1989)



Filename: a:F2
04-07-1989 11:15:44

Figure 2: Total Calls Versus Calls Receiving Busy Signals (November 1988-March 1989)



The CHAIRMAN. Thank you very much for your statement.

One of the concerns I have about the SSA's findings that March improved a great deal and things were coming up rosy is the size and the sample of the study that they did to—I don't want to say to "justify" their findings, but it seems like the size was very small and the sample of the population was extremely small. That is my own opinion.

I hope that when the General Accounting Office looks again at this subject that we will take that in mind. Of course, you have heard them state that they would be glad to share with you the information from which those samples were gleaned.

Also, I hope that you will agree to really look at this evaluation of the accuracy, the timeliness, the accessibility of the 800 number. I sense that many, many of the callers become almost fearful to complain. I know that in my other hat I wear sometimes as the chairman of the Subcommittee on the Finance Committee that oversees the Internal Revenue Service, many, many of the taxpayers are afraid to complain about service. I think that we know why, and I hope the same thing does not apply to the Social Security Administration.

I hope that you will look into that, because we are trying to—if the system is going to be implemented, and it appears that it is, we want it to be accurate, we want it to be responsive, and certainly sensitive to their needs.

What would your recommendations mean to the cost associated with the 800 number system?

Mr. DELFICO. Our recommendations to hold off on promotions probably wouldn't affect cost. We would like to see the agency bring the staff on board that they had planned to bring on in 1989 as soon as possible to help with the current overload situation.

The cost is now running, as you heard in the testimony just before mine, about $103 million—somewhere in that range. Most of that cost is for personnel; about $70 million.

I would like to see SSA continue on their schedule for staffing the system. The problems they have had in the past 6 months, staffing for peak periods and taking people off the line, have caused some disruptions in operations.

The CHAIRMAN. When you say "take people off the line," you're saying take them out of the field offices and move them onto the telephones, I assume?

Mr. DELFICO. That's correct.

The CHAIRMAN. Do you feel like we are de-emphasizing our field offices out there? I don't want to put words in your mouth, but are we accentuating the 800 number and de-emphasizing the role of the field office?

Mr. DELFICO. I don't know if that is SSA's plan, but I think the field offices clearly are losing the capacity to talk directly with people—particularly on the phone. Most of the phone numbers, as you have heard earlier a number of times, are now intercepted and routed to the 800 number.

What is of particular concern to us is that, as you pointed out earlier this morning, there is no way an individual can determine from the phone book where the nearest field office is. I don't know if I would have a problem with the new telephone system, but I

sure have a problem not knowing the address of the nearest field office.

The result of SSA's actions clearly would be a de-emphasis on that particular service.

The CHAIRMAN. One final question, and then a short statement. Do you feel right now that the 800-number program is where it should be after—it started off in October, and here we are in April. Is it where it should be, or should it be further along?

Mr. DELFICO. I think it should be further along. Our position all along has been to carefully go into the 800 number system without taking any big risks. We are concerned about the untimely publicity given the system and the impact it has had on service.

Our key point has been that we think it was over-publicized—even though Social Security Administration officials told us that they were going to judiciously publicize it. We found it was even being publicized at the time our 1988 report was being issued. In September there was word out that the 800 number would be available. SSA's approach has caused, in our view, increased calls, and those increased calls have required more people and a chain reaction is set off.

The CHAIRMAN. Right.

Now, finally, you have not found anything in your studies or inquiries that some of the operators are encouraged to keep a conversation to 240 seconds?

Mr. DELFICO. No, we haven't. We have seen, though, that they use a planning figure—and I think Ms. Pierce mentioned it just before me—of somewhere between 200 and 240. I heard 240 mentioned earlier. That figure is used to plan for how many teleservice representatives are needed.

However, I feel there is pressure to turn phone calls over. When teleservice representatives are at peak periods and the lights on the phones indicate that all lines are busy, they want to get to the next call as soon as possible to try to serve the public better. And, unfortunately, they may shortchange people on the phone. So you've got a problem in trying to balance the number of people answering phones, the number of lines, and the length of responses.

The CHAIRMAN. I want to endorse your recommendations, Mr. Delfico, and I want to thank you for your help. Once again, I salute the General Accounting Office for your work in this field and for sending up some warning signals to us last fall, and also for your upcoming report that we are going to request.

Mr. DELFICO. Thank you, Mr. Chairman. I'll be glad to work with you and your staff any time.

The CHAIRMAN. Thank you very much.

We're going to call our third and final panel. We will have a 3-minute recess.

[Recess.]

The CHAIRMAN. The committee will come to order.

Our next panel this morning—and I must say I believe this is our final panel—is Mr. William Bechill, vice chair, Save Our Security Coalition; and John Sturdivant, president of the American Federation of Government Employees. We welcome both of you. Mr. Bechill, we will hear your statement at this time.

STATEMENT OF WILLIAM BECHILL, VICE CHAIR, SAVE OUR SECURITY COALITION, ACCOMPANIED BY ROBERTA FEINSTEIN HAVEL, EXECUTIVE DIRECTOR

Mr. BECHILL. Thank you very much, Mr. Chairman.

I very much appreciate the opportunity to testify here today as a representative of the SOS Coalition. SOS is a coalition of over 100 organizations active in the field of Social Security programs, aging, labor, and other types of organizations. It was founded in 1979 by the late Wilbur J. Cohen, former Secretary of Health, Education, and Welfare. Its chair is Doctor Arthur Flemming, a former Secretary of Health, Education, and Welfare. I serve as the vice chair of the organization.

I want to express our concern toward the 800 national number and the way it is being implemented, as well as the future plans for the agency that have been set forth by Commissioner Hardy today and in the Strategic Plan 2000.

Mr. Chairman, I would like the opportunity to summarize my prepared testimony.

The CHAIRMAN. Please feel free and encouraged to do so.

Mr. BECHILL. Thank you. I was sure you would say that. [Laughter.]

At the outset, I first want to say that I think it is a serious mistake to characterize the Social Security Administration as a business, and the people that are being served by the organization as customers. The Social Security program is not a big national corporation; it is the largest social insurance program in the world. It is also responsible for administering a program of public assistance to the needy aged, blind, and disabled of this country, three of the most vulnerable groups in our society.

It is also responsible for providing accurate information to those 131 million people who currently make contributions as covered workers into this system. It is an unfair assumption to characterize this public program—probably the most important domestic program we have in the United States—as a corporation and in that mode.

We have set forth in our written testimony some of our concerns, and those concerns, Senator, are not against the introduction of advanced or new technology into the day-to-day administration of the system. But we believe that applicants and beneficiaries have to have other options than the 800 toll-free telephone service available to them.

We are strongly committed as a coalition to the importance of the public having face-to-face contact with the representatives of the agency, particularly when they are making application for benefits or when they are raising questions with respect to their beneficiary status.

Today I really have to attack the fundamental assumption behind the introduction of the 800 plan, and that is the assumption that this is a relatively simple program. It is not a simple program. It is, as you well know, a complex program both in terms of the old age survivors and disability insurance portion, and the supplementary security income program.

The people who are making application or who have questions about the program are often people and individuals who are under considerable stress at the time they are seeking information. I'm referring particularly to the following groups: People who are attempting to qualify because of permanent and total disability, people who are widows attempting to qualify for widow or widower benefits, people who are attempting to qualify for survivor's benefits. In all of these instances, these are not normal circumstances that these individuals are going through. I have served as a representative payee for a couple of relatives, and I can attest to that fact.

SOS has raised many questions in the past about the agency's overall performance. I will not detail these. In my written testimony I cover five areas of concern. I just want to touch on a couple of these.

We have provided information to the committee staff regarding the whole question that SSA has decided that it is too labor-intensive to ask a person who is calling to apply for Social Security if she also wishes to apply for SSA. This is on page 2 of my written testimony, Senator.

When one considers the under-utilization of the SSI program, particularly by those persons who are apparently eligible—the needy aged—I think that this raises the question that needs to be followed up with further inquiries to the agency.

Second—and I have had some personal experience here—it is noted that in connection with the emphasis on teleservice, SSA has also shifted its emphasis on direct deposit of checks. Now, when, as in the case of serving as a representative payee for relatives, one has to call the bank, it is just not merely the check number that one reports. One has to give all of the other symbols in order for that information to be picked up accurately by the commercial bank that the beneficiary has.

We fear that the beneficiary will be unable to correctly convey this type of format by phone. It is much better—in fact, in my instance, I needed to go into the Farmington Michigan Office to talk to the representative there about that information with regards to my sister 2 years ago.

We are also aware of the study which the Social Security Administration conducted recently about the accuracy of the information being provided under the 800 number. We were very glad to see the kind of follow-up information and study that is going to be undertaken by the General Accounting Office with regards to the accuracy of information.

We are concerned that the people who are calling and will be calling into this number will not be receiving the same quality of information and accuracy of information that they would receive through a face-to-face interview. We hope that in their methodology of any future studies the General Accounting Office does some comparative analysis of the accuracy of information provided via the new 800 number versus the accuracy of information provided by people coming into the district office.

In closing, Mr. Chairman, we wish to call your attention and the attention of other members of the committee to the provisions of Senate Bill 562, the Social Security Improvement Act of 1989, that

was introduced earlier this year in the Congress by Senators Riegle and Levin of the State of Michigan. We believe that there are several provisions of that particular bill that would go to the strengthening of the overall performance and quality of the Social Security Administration—and particularly move toward the insurance of the rights of beneficiaries in application and people making application.

There is a provision in that law, section 3 of the act, that would require that there be a written record made of all of the inquiries—who the person talked to, the situation, and the actual information—and that this be recorded. We think that if the SSA proceeds on this particular plan, that it is vital that that practice not only be done on a demonstration basis, but we will probably argue that it ought to be done across the board if that 800 number is implemented nationally.

I'd like to just make one further comment. We think there are many—as I have indicated before—serious questions of removing the face-to-face personal contact that individuals have with the Social Security Administration. If I have read this plan—and I think I have read a lot of things in my life as an administrator and as a professor—if I have read this plan, "The Year 2000 Social Security Administration" accurately, I reach perhaps the same sort of conclusions that you were reaching about a half hour ago, Mr. Chairman.

I think, if carried to the conclusions set forth here, I can also envision a Social Security Administration that will have very few district offices that will be accessible to the American people.

Thank you very much.

[The prepared statement of Mr. Bechill follows:]

TESTIMONY OF WILLIAM BECHILL, VICE-CHAIR,

SAVE OUR SECURITY COALITION

BEFORE THE SPECIAL COMMITTEE ON AGING

APRIL 10, 1989

Mr. Chairman, I am William Bechill, Vice-Chair of the Save Our Security Coalition, "S.O.S."

We very much appreciate this opportunity to discuss our concerns with SSA's teleservice practices. Unfortunately, the problems we are seeing in this area of service are pervasive at SSA. Regardless of how it is packaged or what it is called, the fact is that over the past few years many steps have been taken by the Social Security Administration that have led to serious questions about the quality of services provided to beneficiaries and the general public.

The problems which we are seeing in teleservice were totally foreseeable and could easily have been avoided if SSA had focused its changes in service delivery upon the underlying purposes for the services. Instead of trying to achieve high tech visibility at any cost, consideration should have been given to what kinds of service people actually need in order to secure their benefits from SSA.

Not surprisingly, the use of the "800" number has led to a greater depersonalization of the SSA program, the people who work there and the people the program is intended to serve. It is part of Commissioner Hardy's grand scheme that SSA is a "business" and the people it is supposed to serve are merely "customers." This seriously understates and skews SSA's mission and has very effectively impaired its ability to meet the needs of applicants and beneficiaries.

It is important to realize that SSA's view of teleservice is not that it is just one more means that it has available to it for contact with the public. Commissioner Hardy sees teleservice as the wave of the future, the way in which all service will be provided. This is made very clear in SSA's 2000, A Strategic Plan. In the plan, SSA indicates its intention to sink even deeper into this depersonalized technology.

> "In implementing this recommendation (that "SSA should move forcefully to make teleservice the predominant mode of service long before the year 2000") SSA should take advantage of all appropriate technological advances such as interactive voice messaging, expert systems, voice syntheses, etc., which can make it possible to deliver a high level of service to the telephone customer with reduced need for employee intervention." (Note use of the word, "customer.")

In other words, under the Commissioner's plan, there will not be a SSA employee at the other end of the phone once the person battles his or her way through the busy signals and the waiting on line.

What is most troubling is not that there is teleservice but that it is being viewed as the optimal mode of providing service and that other forms of service, especially face-to-face contact in the local district offices, are being unwisely sacrificed. If the staff is well-trained and there are live voices on the phone, there is a role for some telephone service. Not all individuals who are elderly or disabled are able to come into district offices. For these people, telephone service may be a good alternative. But, as the main means by which SSA deals with the public, it is and will always be completely inadequate.

Let me share with you some of the problems which we are already seeing with SSA's teleservice. Copies of the memos I refer to have been supplied to the Committee.

1. While the Congress, including the Chairman of the Committee, are seeking legislation to mandate that SSA do outreach to find people who are eligible for SSI, it appears that SSA has decided that it is too labor-intensive to ask a person who is calling to apply for Social Security if s/he also wants to apply for SSI. According to an SSA memo issued in Michigan in February, 1988, this is because the teleservice center's "primary responsibility is to provide general information and to answer as many phone calls as possible throughout the day..." This responsibility is pushed off to the district office, which may or may not remember to ask.

2. At the same time that SSA has shifted its emphasis to teleservice, it has also shifted its emphasis on direct deposit of checks. In an effort to facilitate beneficiaries electing this option, SSA has said that they can even call in and have electronic funds transfer initiated. In an SSA memo, dated 10/30/87, SSA staff raised concerns about the advisability of having people call in their account numbers:

> "The bank account number presents another problem. In order for the bank to correctly deposit a client's funds, the account number we enter must be formatted the way the bank's computers expect to receive it, complete with spaces, hyphens, or lead zeroes. There is no standardized format for the account number; each bank devises its own format. For a checking account, the beneficiary can read us the number off a check, if he happens to have the checkbook with him. We fear that the beneficiary will be unable to correctly convey the format by phone. Accurate savings account numbers will be even more difficult to obtain." (emphasis added)

And, without the right account number, the bank is not able to credit the payment and the amount is returned to the Treasury.

3. As part of its move toward teleservice and scaling back the personal service previously available in the district offices, SSA imposed a requirement that applicants for disability benefits must complete a "self-help" application form, the SSA-3368. The person is sent the form in the mail if s/he applies by phone. And, this is the "preferred method." (In the past, the person would have been assisted in the district office in completing it.) According to a study done in SSA's Atlanta Region, 80% of the people to whom SSA gave the form could not complete the form properly: "Only one of every five claimants using self-help provided complete and descriptive information...These claimants had high school or college educations or work experience that involved writing or forms completion."

The failure to assist people in completing the forms is leading to denials of applications on procedural grounds as state disability determination services are unable to identify the applicant's medical sources from the information provided.

4. I am also aware of the study which SSA conducted recently about the accuracy of the information being provided over the "800" number. These statistics, both with regard to Social Security matters and information provided about the Medicare program, rival the error levels of the Internal Revenue Service. While it is not acceptable for the IRS to provide inaccurate information either, the implications here are very different. Taxes will always be collected. Social Security is a program whose ongoing existence is dependent upon the continuing support and confidence of the American public. By designing a system that provides such a high level of inaccurate information, I fear that the public's confidence in this important program will be lessened.

5. Due to the poor quality of the information being provided and the fact that it is often inaccurate, some people calling are relying upon incorrect information. And, where they know enough to doubt the accuracy of what SSA staff said on the 800 number, SSA is actually having to answer questions more than once for people until the callers feel confident that they have the correct answer. In March, 1988, Eleanor Litwak, Chair of the S.O.S. Coalition of New York, testified:

> "Another frequently expressed complaint is about the inaccuracy of information given out by Social Security staff. One piece of wisdom that has developed among our retirees during the last couple of years is that you should make at least three telephone calls to Social Security, that is, if you have the time to spend on the telephone for, three times three, 9 days. If you are lucky, you will get the same information all three times and then you may assume that you received the correct response."1

1 "Social Security Quality of Service and Its Effect on Beneficiaries" Hearing before the Subcommittee on Retirement Income and Employment, Select Committee on Aging, Long Island, N.Y., March 7, 1988, Comm. Pub. 100-662, page 17.

And what happens when the person gets conflicting information? Is 3 out of 5 answers good enough to rely upon?

SSA would be more inclined to provide correct answers if there was a record made of the information supplied. S.O.S. urges the Senate to act upon the bill which Senators Reigle and Levin have introduced, S. 562. Among the bill's provisions is one which will require that SSA provide receipts on a demonstration basis to people who call in to the 800 number.

Finally, the problems with the 800 number are symptomatic of the types of problems which are festering at SSA. It is critical that the Congress focus on what is happening to the district offices as SSA shifts to the 800 service. SSA is slowly dismantling the foundation of the agency, the core of its service delivery system. Congress must act now to halt the erosion of SSA's ability to provide effective, meaningful service to the people whom it is supposed to serve.

We urge this Committee to take steps to press for passage of S. 562, the "Social Security Services Improvement Act of 1989," and to take the steps necessary to assure that the Administration's efforts to dismantle this agency are not only halted, but reversed.

Thank you.

The CHAIRMAN. I want to thank you for your statement. I will have a couple of questions. Let me just, while you are here, hit you with a couple.

Was your organization ever consulted about this program?

Ms. FEINSTEIN. No.

Mr. BECHILL. No, we were not.

The CHAIRMAN. I know in the General Accounting Office report that I requested last fall—and I will read from page 4 about the 800 program, dated September 21, 1988—"SSA agrees that national interest groups could publicize the 800 number prematurely; consequently, SSA plans to meet with such groups to explain why the agency needs phased in selectively targeted publicity and to convince them to delay their efforts until the appropriate time." They never did talk to you about this issue of publication?

Mr. BECHILL. No.

The CHAIRMAN. Second, they never discussed with you or your organization about any particular needs that such a program should entail?

Mr. BECHILL. Mr. Chairman, as far as I know SSA did not talk with the Save Our Security Coalition. It is possible that they may have consulted with some individual organizations within the coalition. There are 112 organizations. I am not aware personally, however, of any such consultations.

The CHAIRMAN. Do the other 112 organizations within your coalition generally share the same concern that you are expressing this morning?

Mr. BECHILL. Yes. I have served as the chairman of a task force on quality of service in the Social Security Administration. That task force was organized approximately 3 years ago with the unanimous support of the membership organizations and of the executive committee of SOS, and that is a matter of record, sir.

The CHAIRMAN. Ms. Hardy read two letters complimenting SSA for the 800 program, for the service they received. Have you heard many complaints of the members that you represent out there in these organizations or among the general public about the 800 program?

Mr. BECHILL. We are beginning to hear some, yes. And, of course, I think that this is the type of change I think that a lot of people feel that they can't do much about.

The CHAIRMAN. It is sort of beyond them?

Mr. BECHILL. Yes. I think that this is one of the concerns that the Federal Government needs to have. There are a lot of people among the public who feel somewhat powerless now to change some things as significant as this, because all of the sudden one day you can call and you can get a local district office, and somebody in Baltimore has decided that now you can't have that number and you've got to deal with the packaged national number. That is a very fundamental decision and changes the rules and the way in which this program ran for so many years.

The Social Security Administration was known for its strong community education and interpretation work.

The CHAIRMAN. You know, a Social Security matter—whether it is SSI, black lung, widow's benefits—is a very personal matter. I can't speak for anyone else in this room—maybe you have different

viewpoints on this. I have a difficulty getting very personal over an 800 line talking to someone about a very, very personal situation. One, I don't know who they are. Two, I don't know where they are. Three, I don't know where that information is ultimately going to end up. I just think that we've got some major problems with the program in this regard. We have dehumanized it. We have depersonalized that relationship.

Mr. BECHILL. I would agree. I think that it ought to be possible to discriminate somewhat—and I'm using the term "discriminate" in a very general sense—between the type of information that ought to be routed to district offices and those that are routed to a national 800 number. I can see where a national 800 number could help facilitate on a lot of very general information type of requests. But clearly when there is a request for service on the part of the applicant or the beneficiary, that individual—and I think SSA should have a policy to steer those individuals to the district office in the locality in which the individual or the family resides.

The CHAIRMAN. I want to thank you for coming this morning and for your statement.

Mr. BECHILL. Thank you.

The CHAIRMAN. Mr. John Sturdivant, we welcome you this morning and look forward to your statement.

STATEMENT OF JOHN N. STURDIVANT, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY CHAPIN E. WILSON, JR., LEGISLATIVE REPRESENTATIVE

Mr. STURDIVANT. Thank you, Mr. Chairman. I'm happy to be here. I thank you for the opportunity to speak to you today.

I have a lengthy prepared statement also with statistics and case studies, of course, and I would certainly just like to put that into the record and——

The CHAIRMAN. Your full statement will be inserted in the record immediately following your oral presentation.

Mr. STURDIVANT. Thank you, Mr. Chairman.

I do have some general observations before I go into my statement that I'd like to touch upon a little bit.

I guess the first thing was that, as you know, the AFGE represents the vast majority of Social Security employees nationwide—some 50,000—out of the rapidly decreasing number of employees in that agency. I did take the time to go back and speak to Ms. Baillie, one of the ladies who was on the first panel, and just to express the feeling of the people that we represent. We want to do a good job for the beneficiaries. We recognize that these are people who are looking to their Government for assistance and for help. They're not widgets, they're people. We want to handle and deal with them as people who look to their Government for assistance and help.

Unfortunately, our employees are not allowed to do that now. They are being stopped from doing it as a result of the new regulations on the teleservice centers, and also because of the understaffing.

But I did want to express that we are concerned about the people that we serve. We want to continue to provide the good service, and we are going to do all that we can to make sure that happens.

Another point I'd like to touch upon, as far as the teleservice centers are concerned: Although numerical standards for the number of calls are not mandated from the headquarters, they are used—you can't have a standard or any type of process to determine how many people you're going to have to do a job and not have that logically follow into how well that person does that job. The two are connected.

At this point in time I am advised that in the San Francisco region our people are negotiating on the number of calls that these various representatives have to complete in order to get an outstanding. Certainly, what would logically follow is that if you have to do so many calls for an outstanding, then so many calls for satisfactory, and so forth. So this does have an effect, and there is no reason that it wouldn't be monitored if it is not going to have an effect. So I would just like to point that out.

We have serious concerns about the SSA service delivery system. As we know, SSA rushed to implement this system, and, in response, the Commissioner established an 800 number and added a net of 23 percent more staff to the system and 50 percent more hours of personal phone coverage.

The agency decided that even more extreme measures were needed. In its desperate attempt to show the Congress that it can lower busy rates by throwing money at the phone system in the face of bad publicity, the agency spent about $750,000 to fully staff the TSC's.

No consideration was given to whether these detailed employees were qualified to answer public inquiries. Many of these employees had no training at all, could not access the agency computer system, and were unable to answer the inquiries. Information provided to the public has been widely misleading and erroneous. The cost in human terms to both employees and the public has not yet been measured. It will be months before the beneficiaries acting on incorrect information will be faced with paying back moneys that have been overpaid.

Employees are already showing serious signs of stress-related illnesses, and are having yet another source of stress to their work life. Employees are quitting SSA in larger numbers all the time, and hiring well-qualified employees is becoming more and more difficult.

AFGE believes that these centers are not the way to resolve service delivery problems. We do not object to the effective use of phones to provide public service. We do question the way SSA has proceeded to date. SSA is headed down a path away from face-to-face, community-based service delivery toward an automated, depersonalized service system.

Every day in SSA offices we see people who are confused, unable to deal with bureaucracies, and unable to make themselves understood.

Employees and managers have asked representatives all over the country to put a halt to further TSC expansion until the current

probiems are resolved. All this really does is demonstrate how severe the staff shortages are.

We ask for your support to accomplish these tasks. If the committee and the Congress want fewer field offices, depersonalized service, and high error rates like the IRS, please let us know. Our people are struggling to hold the system together, trying to provide courteous, efficient, and quality service the old-fashioned way. If that is no longer expected, our workers need to be so notified. They have suffered long enough. And certainly those people who continue to try to contact those 800 numbers and get busy signals are continuing to suffer.

Thank you, Mr. Chairman. I will be glad to try to answer any questions you may have.

[The prepared statement of Mr. Sturdivant follows:]

STATEMENT

BY

JOHN N. STURDIVANT
NATIONAL PRESIDENT

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
(AFL-CIO)

BEFORE THE

SPECIAL COMMITTEE ON AGING

U. S. SENATE

APRIL 10, 1989

Mr. Chairman, Members of the Committees, thank you for asking me to speak to you today. My name is John Sturdivant. I am President of the American Federation of Government Employees representing the majority of Social Security employees nationally. We have serious concerns about SSA's service delivery system. Over the past several years SSA has taken a number of measures which allegedly provide better service with less staff. One of these measures is the 800 number telephone system.

SSA rushed to implement a nationwide 800 number phone system by October 1989. In its haste, the Agency once again failed to insure that the system was viable before national implementation. Admittedly SSA had been having significant problems answering its phone calls. Accessibility was deteriorating each year. Some agency studies showed a busy rate as high as 73%. In response, the Commissioner established the 800 number and added a net of 23% more

staff to the system and added 50% more hours of personal phone coverage. She has diverted virtually all of the agency computer terminal acquisition to the teleservice venture. She purchased what may one day be a state of the art switching and routing capability from MCI. It may be that we are funding MCI's research and development. Over the protests of field managers, we have an unrealistic work plan for Teleservice center (TSC) employees. She dropped other computer modernization programs to establish and set up a national referral and appointment screen system which doesn't work. She has created sweatshop conditions for TSC employees denying leave for illness. She is pressuring employees to complete calls in an average of 200 seconds. The effect of all of this poor planning is to create chaos in SSA's service delivery system.

On February 24th, the agency decided that even more extreme measures were needed in its desperate attempt to show the Congress that it can lower busy rates by throwing money at the phone system. In the face of bad publicity, the agency spent about $750,000 to "fully" staff TSC's nationally. Fully staffed meant 110% of phone capacity (100% during lunch). These measures were implemented during the five days it expected the highest call volumes. To accomplish this, it took staff from already understaffed field offices and payment centers to staff up the TSC's. In addition, for the first time in several years, employees were forced to work overtime hours.

No consideration was given to whether these detailed employees were qualified to answer public inquiries. There were GS-2 mail clerks, technical specialists and administrative secretaries sent to answer the phones. Many of these employees had no training at all, could not access the agency computer systems and were unable to answer the inquiries. Information provided to the public has been wildly misleading and/or erroneous. A caller in Washington State was incorrectly told that he could earn an amount equal to his

retirement check before any annual earnings test withholding would be applied. A person reporting a spouse's death on 2/28/89 was incorrectly told to cash and use her 3/1/89 check because the spouse was alive most of the month. An SSI beneficiary was incorrectly told that her SSI check would increase in an amount equal to any rent increase. These answers will cause the beneficiaries serious harm because they relied upon incorrect information from SSA. Any resulting overpayments will not be waived because they won't be able to tell who gave them the wrong information. That is, Agency fault can't be established.

None of this mattered to SSA. The work that the detailed field office employees left behind which created backlogs didn't matter, either. Trainees were taken out of their training classes to staff the phones. Employees worked twelve hour days. Employees were denied sick leave. Leave was denied to care for sick children. Employees were placed on AWOL for seeking emergency medical attention. Call answering machines were used to handle 10,000 calls during regular business hours during the five days. No measure was too extreme. The Commissioner demanded that phones would be answered at any cost to employees and the public.

The cost in human terms to both employees and the public has not yet been measured. It will be months before the beneficiaries acting on incorrect information will be faced with paying back monies overpaid. Agency's documents provided to this Committee reveal that nationally 51.5% of SSI in-kind support and maintenance questions are answered incorrectly. 90% of these incorrect answers result in incorrect payments. Historically, SSA has enjoyed a great deal of public trust due to its integrity and effective service. That trust is being broken by these measures which are counter productive to the agency's mission. Employees who are already showing serious signs of stress related illnesses are having yet another source of stress to their work lives. Employees are quitting SSA in larger numbers all the time. Hiring well qualified employees is becoming

more and more difficult. According to our nationwide study of field offices, generally in any office in the country, 42.6% of the employees have recently looked for or are currently seeking to leave SSA for other employment.

The ultimate tragedy is that none of this was really needed! The alleged "emergency" does not and never has existed. Internal agency documents from field management indicate that the MCI switching equipment is the cause of virtually all (80%) of the busy signals and lost calls relied upon to justify this initiative.

The two locations with the most lost calls are Birmingham, Alabama and Honolulu, Hawaii. Staff at both sites have complained about calls being cut off by phone equipment in mid-call. Other sites around the U.S. appear not to have this problem. This is clearly an equipment failure.

The main problem reported by the rest of the country is inaccurate busy rates recorded by MCI. Many of the sites have internal call counting and busy rate equipment. When this data is compared to that compiled by MCI, 80% of the calls receiving busy signals can be attributed to MCI and not to Teleservice staffing. It may be that MCI's trunk lines cannot handle the SSA traffic as well as its responsibilities to its other clients.

A further problem with the 800 number hardware is the lack of the ability to transfer calls from one area code to another location to answer. This results in busy rates varying from 0 to 58.4% during the week of 3/6 to 3/12/89. While some employees are inundated with calls to answer, others are sitting waiting for business!

Because of poor design, the appointment software creates as many problems as it resolves. The employees answering the phones report

taking five to nine minutes transferring from one data base to the appointment system data base with seventeen keystrokes. They indicate that offices restrict appointments available for assignment. On their part, field office employees report duplicate appointments for the same time slot, appointments for telephone claims made without their knowledge and unnecessary appointments for people already receiving SSA payments. Where there are no appointment slots available, the phone reps tell callers they will relay their appointment request to the local office. The phone representatives indicate that the field employees often don't make recontact with the callers. In any case the "appointment screen" only allows for two weeks prospective scheduling..

The public is not well served by this sort of redundancy. Understandably, the callers are becoming increasingly irate and frustrated by a system that isn't meeting their needs.

By October 1989, the agency has plans to add another 1100 to 1500 employees in four centers located throughout the U.S. This will double the size of the current system. It will add another group of inadequately trained employees to a system that's had adverse effects from absorbing about 300 staff last year! Formal training for these GS-4 to GS-7 employees lasts six weeks. It takes over a year of on the job experience for a teleservice representative to answer with confidence and accuracy the broad scope of questions for which they are held responsible. It is equally important that the employees know which questions need to be referred to a Title 2 or Title 16 claims respresentative in a field office.

AFGE believes that these MEGA centers are not the way to resolve service delivery problems. We do not object to the effective use of phones to provide public service. We do question the way SSA has proceeded to date. SSA is headed down a path away from face to face

community based service delivery towards an automated depersonalized service delivery system. The year 2000 plan articulated by the Ccommissioner clearly spells out a future in which Social Security services are provided by automatic teller machines in shopping centers. Access to earnings information and claims processing is provided by "Smart" cards akin to credit cards. There will be little or no face-to-face service available. We disagree with this vision of SSA's service delivery.

Every day in SSA offices we see people who are confused, unable to deal with bureaucracies, and unable to make themselves understood easily. The reasons for this are myriad: death of a loved one, disability, mental illness, deafness, lack of ability to speak English. Whatever the reason, Social Security has traditionally provided the personal service needed to break through those barriers. Employees reach out physically and emotionally to these people and take great pride in accomplishing the agency's mission of paying benefits to those who are due them in the right amount and on time.

The Commissioner's stated goal is initially to make the telephone the predominant method of contact with SSA. Consequently, many calls to local offices have been intercepted and redirected to the 800 number. By October. 1989 all calls to field offices will be interrupted and sent to an 800 number. Often, people coming in to local offices have been told that they really should be calling in, instead. While the telephone could be an efficient way to provide service where used appropriately it should not be the only way to provide service.

Teleservice representatives are under considerable pressure to handle their calls within an average of 200 seconds (three and a half minutes). Their performance ratings depend on the length of calls and number of calls per hour. This creates pressures to limit information given to the callers and to provide less than complete

service. In the San Diego Teleservice Center, employees are told to take call back messages if the call will last more than 5 minutes or so. They are instructed to return the calls at a later date when they are working late and have no calls coming in. Naturally this is not satisfactory to the callers when they do not get completed service. When they do not get the call back they expect, they call SSA again and get another operator somewhere else in the country. First, we need to ask why there is a need for employees dedicated only to phone service to work together in such large (up to 600) groupings? What was wrong with the former practice of answering phones in local offices which offered built in flexibility for staffing and highly technical expertise? Nothing, except that there weren't enough dedicated phone lines. If a GS-7 service representative couldn't answer a question, a seasoned GS-10 Title 2 or Title 16 claims representative was available to help. There is, and there will be in the future, no such help in the TSC's. It is interesting to note that the General Accounting Office reported in August, 1986 that 97% of the calls sampled by field office supervisors were rated as satisfactory (GAO/HRD - 86-85).

Second, we have to ask why there is such a pressing urgency to double the size of a phone system that has such serious problems? The only answer from the agency to date is that, "Our publicity got ahead of our implementation." SSA advertised the 800 number in the 40% of the country which was not intended to be covered by the system until phase two of this project. It failed to block calls from those areas. What SSA wants to do is use their poor planning to justify expansion of a faulty system which is actually having a negative affect on service delivery at SSA. By the way, when I speak of service delivery, I mean the actual delivery of efficient correct services. What the GAO studies measure in their service delivery surveys is how nice and courteous the employees are. We

have no doubts that our employees are courteous and personable. The same agency study which showed rates of errors and incomplete answers at 9 to 24% also indicated a 93% rate of courteous answers. That's what we have been saying for years. We are indeed courteous, but due to short staffing and inadequate training, we can provide technically wrong or incomplete information is too frequently provided.

As GAO reported to the Congress, the SSA management association has been ordered not to testify before Congress. We know that managers have individually been ordered not to testify before you this week. Employees and managers have asked AFGE reps all over the country to put a halt to further TSC expansion until the current problems are resolved. There is widespread frustration and discontent about the 800 system from management and field employees. This adds even more of a burden to the well documented low morale at SSA. The problems are exasperated by a lack of staff. The agency is robbing Peter to pay Paul by physically moving staff around in anticipation of emergencies. All this really does is demonstrate just how severe the staff shortages are.

With adequate staff and the 800 number problems resolved the American public will get the service it deserves. We ask for your support to accomplish these two important tasks. If the Committee and the Congress wants fewer field offices, depersonalized service, and high error rates like the IRS, please let us know. Our people are struggling to hold the system together trying to provide courteous, efficient and quality service the old-fashioned way. If that is no longer expected, our workers should be so notified. They have suffered long enough. Conversely, if they are expected to provide good service, Congress needs to help and help quickly.

Thank you again for this opportunity to testify before this Committee. I would be happy to answer any questions you may have.

The CHAIRMAN. You know, Mr. Sturdivant, I'd like to give a lot of your people a pat on the back this morning, because Congressmen and Senators deal with the Social Security case usually as the court of last resort. Usually when the claim has been denied, when the constituent has been turned down, or when all avenues have been closed they come to us. That's not always the case, but I'd say 85 percent of the time.

Most of the time we hear nothing but good. We hear nothing but good reports, as a general rule—there are a few exceptions—about those people that they have dealt with in the local offices. They know these people. Their children may have grown up together. Their parents may have been friends, or they may go to church together or have children in school together. But to depersonalize the Social Security Administration to the extent of basically disallowing an option of appearing before the Social Security office and someone they might have a relationship with or develop a relationship, I think is critical to the survival of the Social Security system and its mission.

I want to thank you, Mr. Sturdivant, for your testimony today. This has been a rather lengthy hearing, but we are very much in your debt.

To both of you we say thank you very much for concluding our meeting this morning.

Mr. STURDIVANT. Thank you, Mr. Chairman.

The CHAIRMAN. The meeting is adjourned.

[Whereupon, at 11:50 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

APPENDIX

MATERIAL RELATED TO HEARING

Item 1

DAVID PRYOR, ARKANSAS, CHAIRMAN
JOHN GLENN, OHIO
BILL BRADLEY, NEW JERSEY
QUENTIN N. BURDICK, NORTH DAKOTA
J. BENNETT JOHNSTON, LOUISIANA
JOHN D. BREAUX, LOUISIANA
RICHARD SHELBY, ALABAMA
HARRY REID, NEVADA
BOB GRAHAM, FLORIDA
HERBERT KOHL, WISCONSIN
JOHN HEINZ, PENNSYLVANIA
WILLIAM S. COHEN, MAINE
LARRY PRESSLER, SOUTH DAKOTA
CHARLES E. GRASSLEY, IOWA
PETE WILSON, CALIFORNIA
PETE V. DOMENICI, NEW MEXICO
ALAN K. SIMPSON, WYOMING
JOHN WARNER, VIRGINIA
NANCY LANDON KASSEBAUM, KANSAS
PORTIA PORTER MITTELMAN, STAFF DIRECTOR
CHRISTOPHER C. JOHNSON, DEPUTY STAFF DIRECTOR
JOSEPH A. LEIBERMAN III, M.D., ACTING MINORITY STAFF DIRECTOR

United States Senate
SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400

April 20, 1989

The Honorable Dorcas R. Hardy
Commissioner
Social Security Administration
900 Altmeyer Building
6401 Security Boulevard
Baltimore, Maryland 21235

Dear Ms. Hardy:

On behalf of myself and the other members of the Senate Special Committee on Aging, I would like to thank you for participating in the April 10, 1988 hearing on the Social Security Administration's new toll-free teleservice system.

Due to time constraints, I was unable to ask a number of questions that I believe are necessary for completing the hearing record. Therefore, I would very much appreciate your providing timely written responses to the questions listed below.

1. In designing and implementing the 800-number service, did SSA ever consult with the Internal Revenue Service to take advantage of that agency's experience with its 800-number teleservice system?

2. How much has the 800-number system cost to date, and how much is it estimated to cost if fully implemented?

3. The GAO report I requested last year listed a number of special steps that SSA had stated that it planned to take -- such as carefully limiting the promotion of the 800 number and working with national senior's advocacy groups -- to ensure that callers did not experience excessive busy signals.

   A. Please outline what specific steps SSA took in follow-through on the assurances provided to GAO.

   B. Last August, just after SSA promoted a different toll-free number callers could dial to request an estimate of their earning and benefits, the line became so choked with calls that phone companies had to block incoming calls. Why didn't SSA anticipate that the agency might face a similar problem if promotion of the new 800 number wasn't carefully controlled?

4. As you may know, many teleservice managers have expressed the view that blockage of the 800 line has been due to misrouting of calls rather than just simply inadequate staffing.

   A. What are the specific problems your managers are referring to?

B. What steps has been taken to correct them?

5. Why didn't SSA implement the 800 number on a smaller pilot basis to ensure that the system worked properly, as recommended to you in a joint DCMA/DCO paper in August, 1987, cited in the GAO report of September 1988?

6. Many teleservice operators report that callers are upset when they realize that the 800 number does not connect them to their local Social Security office. Why aren't callers clearly informed of this fact?

7. Would you consider providing the public with a true choice between SSA's two service systems by restoring the public's direct telephone access to local Social Security offices?

8. In bringing down the busy signal rates in March, how many employees were taken out of Social Security field offices?

9. At the April 10th hearing, the General Accounting Office representative reported that "there are indications that some of the staff used to supplement the TSC staff may not have been qualified."

   A. Why were <u>any</u> unqualified staff detailed to teleservice centers?

   B. How many unqualified staff were detailed to teleservice centers?

10. In view that peak demand for SSA's service hits field offices as the 800-line at the same time, do you think it was advisable for SSA to boost staffing at the teleservice centers with field office staff during this period?

11. How does SSA plan to manage peak demand on the 800-number system during this and future months?

12. Given that you are requesting yet more staff reductions in FY 1990, how does SSA plan to staff the mega teleservice centers called for under phase two without diminishing service in Social Security's field offices?

13. In a recent SSA survey of the system's accuracy, why were incorrect answers not counted as such if the caller also happened, for whatever reason, to be referred to a field office in the same call?

14. As you know, GAO has recommended that SSA should halt all promotion of the 800 service until 1) the performance of the system is stabilized and improved and 2) the expansion of the remaining 40 percent of the country is complete. GAO also pointed out that the 800 service has <u>not</u> yet been stabilized and that measures taken to bring down the busy signal rate in March were "extraordinary and potentially disruptive". Thus, GAO has also recommended that any further expansion of the 800 number be contingent on SSA first reducing busy signal rates for the 60 percent of the country now covered, over a sustained period of time; then SSA should proceed to serve the rest of country on an incremental basis, with service for each increment being dependent on the quality of service provided to those already covered by the service.

   A. Is SSA willing to accept and follow GAO recommendations?

   B. If not, why?

15. According to SSA's Project 2000, the agency's plan for coming years, "SSA should move forcefully to make the teleservice the "predominate mode of service long before the year 2000."

A. I understand that you have repeatedly stated that SSA has no stated plans to close field offices; in view that field offices are provided no role in your plan isn't closure exactly the result that implementation of this plan would achieve?

B. Is SSA concerned that the millions of elderly and serverely-disabled individuals that depend on the agency may be unfamiliar with and even intimidated by the type of automated service delivery system that the plan calls for?

C. In view that Project 2000 would fundamentally and rapidly alter the way in which SSA delivers services -- from a personal a community-based service to one that is centralized and largely automated -- shouldn't older Americans and others who depend on SSA's services first have an opportunity to discuss the direction they think the agency should take before you proceed any further?

D. Would you agree to hold public hearings on the future course the agency should take before considering any further efforts to realize the changes envisioned in Project 2000?

In addition, I have some questions concerning negative verifications of Social Security numbers (SSNs) that SSA carried out for private companies which did not employ the individuals associated with those SSNs. (As you may know, I contacted Secretary Sullivan to ask that he or the Inspector General of HHS conduct an inquiry into this matter.) As you may recall, you agreed to submit to the Committee a list of those companies which have requested negative verifications from SSA.

1. Please include with that list a notation of when each request was made, whether the request was filled, how many names were run on the computer for each company, and how many of those names were unverified.

2. Have any of the following requests been filled, and, if so, when were they filled?

   a) 300,000 names for Provident Mutual.
   b) 27,000 names fro Chilton Corporation.
   c) 150,000 names for Capitol Federal Savings.
   d) 1,000,000 names for National Westminster Bank, USA.
   e) 38,000 names for Fidelity Bankers Life.

3. Why were over 500,000 of the names run for Citicorp Credit Services unverified? Did this cause any problems for SSN holders?

4. You have stated since the hearing that negative verifications took place in the late 1970's. Please provide documentation regarding the 1970's origin of the policy and the specific cases of negative verifications, including the companies for whom this service was performed and the number of negative verifications conducted for them, during the late 1970's. How did the policy allowing such verifications emerge?

5. Who authorized the negative verification policy under your and previous administrations?

6. SSA officials have estimated that the TRW request for verification of 140 million SSNs would use 420 hours of computer time and 1,344 hours of overtime. How much computer time and overtime was involved in meeting the requests under your administration? Although I understand that SSA may have billed the companies for this purpose, how can you justify this in light of staff reductions that have already occurred and SSA's request for increased appropriations to expand its computer capacity, since the companies would use computer capacity, but their payments would not be used to expand that capacity?

7. I understand that SSA may have prepared computer tapes of deceased SSN holders and, at cost, shared them with private concerns. Further, I understand that SSA may have excluded from the tapes names and numbers that have been supplied to SSA by state and local governments. If this is so, please provide any documentation of and explanation for this practice. Please disclose the number of death records that may have been released to private concerns.

We appreciate your taking the time to answer these questions and will, of course, forward you the final hearing print as soon as it is available. Should you have any questions regarding this request, please contact me, or have your staff contact Jennifer McCarthy or Jonathan Adelstein of my Committee staff at (202) 224-5364.

Thank you for your cooperation and assistance with this request. We look forward to reviewing your responses.

Sincerely,

Chairman

THE COMMISSIONER OF SOCIAL SECURITY
BALTIMORE, MARYLAND 21235

JUN 5 1989

The Honorable David H. Pryor
Chairman, Special Committee
on Aging
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are responses to the questions you asked in your letter following up on the committee's April 10 hearing on the Social Security Administration's toll-free telephone system.

Please let me know if you would like any further information.

Sincerely,

Dorcas R. Hardy

Dorcas R. Hardy
Commissioner
of Social Security

Enclosures

1. In designing and implementing the 800-number service, did SSA ever consult with the Internal Revenue Service to take advantage of that agency's experience with its 800-number teleservice system?

SSA consulted with a number of sources, both public and private, prior to embarking on the national 800 Number project, including the Internal Revenue Service.

2. How much has the 800-number system cost to date, and how much is it estimated to cost if fully implemented?

We estimate the added cost of SSA's 800 Number project is:

800 NUMBER COSTS
($ IN MILLIONS)

	FY 1988 Actual	FY 1989 Estimate	FY 1990 Estimate
Staff and Related Expenses	$ 7.0	$41.0	$50.9
Telephone Equipment and Line Charges	15.4	26.7	30.0
TOTAL	$22.4	$67.7	$80.9

The costs for staff and related expenses represent the costs associated with additional teleservice center (TSC) staff, startup, supply, and equipment costs to support additional TSC staffing, and the cost of establishing additional TSC space.

The telephone equipment and line charge costs represent 800 Number telephone line charges, telephone line installation costs, and the cost of providing automatic call distributors for our newly established TSC megasites.

To estimate the full cost of providing telephone service through the 800 Number system when it is fully implemented in 1990, we have added the cost of improving telephone service under the 800 Number initiative, which is $80.9 million as shown in the above table, to the base cost (about $39 million) of operating the TSCs as they existed prior to the implementation of SSA's 800 Number project. The total cost of telephone service in FY 1990, therefore, is estimated to be about $120 million, which is less than it would have cost to offer nationwide toll-free service under any other option.

3. The GAO report I requested last year listed a number of special steps that SSA had stated it planned to take--such as carefully limiting the promotion of the 800 number and working with national senior's advocacy groups--to ensure that callers did not experience excessive busy signals.

   A. Please outline what specific steps SSA took in follow-through on the assurances provided to GAO.

   To assure that use of the 800 Number was confined to residents of the areas covered in the initial phase of 800 Number implementation, SSA carefully limited public service announcements to local media outlets serving the areas covered by the new service. No national news media announcements about the 800 Number service have been made by SSA since the new service went into operation, and national senior advocacy groups were asked by SSA to let local Social Security field office managers work with their organizations locally to ensure that publicity about the 800 Number was confined to targeted areas.

   An exception was made for current Social Security beneficiaries, each of whom received a notification concerning the new 800 Number service. Those being paid through direct deposit were notified in December and those paid with a check received notification of the 800 Number in February. As was shown by a survey SSA conducted at that time, notifying beneficiaries had little effect on the rate the 800 Number was used, as only 10 percent of all callers said they called because of a message received in the mail.

   B. Last August, just after SSA promoted a different toll-free number callers could dial to request an estimate of their earning and benefits, the line became so choked with calls that phone companies had to block incoming calls. Why didn't SSA anticipate that the agency might face a similar problem if promotion of the new 800 number wasn't carefully controlled?

   SSA did anticipate the need to limit promotion of the 800 Number system during initial implementation and did so by limiting the distribution of publicity concerning the 800 Number service to local media outlets in the areas covered by the toll-free system. By contrast, the implementation of the personal earnings and benefit estimate statement was announced at a national press conference, and press kits about the new service were widely distributed.

4. As you may know, many teleservice managers have expressed the view that blockage of the 800 line has been due to misrouting of calls rather than just simply inadequate staffing. A. What are the specific problems your managers are referring to? B. What steps have been taken to correct them?

   In implementing a telephone system as large and complex as SSA's 800 Number system, it is inevitable that some startup problems will occur. As we have learned more about the patterns of customer use of our 800 Number system, it became clear to us that we would have to adjust our routing plans to direct calls more efficiently to each TSC.

In developing improved routing plans, we discussed options and problems extensively with TSC managers, and we used their advice and experience in making substantial changes in the call routing plans that were introduced in March, which we are continuing to fine-tune.

In addition, we have worked closely with MCI, Inc., the 800 Number contractor, and have been able to improve substantially the call routing system used to direct calls to the various TSCs. As a result of these improvements, busy signal rates have been reduced and the quality of the telephone service we provide to our customers has improved dramatically.

5. Why didn't SSA implement the 800 number on a smaller pilot basis to ensure that the system worked properly, as recommended to you in a joint DCMA/DCO paper in August 1987, cited in the GAO report of September 1988?

The reasons that SSA did not conduct the pilot outlined in the DCMA/DCO paper are discussed in Appendix II of the GAO report dated September 1988. As stated on page 11 of the report, ". . . this option was rejected because eventually combining local and 800 service would provide limited flexibility in managing phone workloads because local lines and the 800 service could not help handle each other's traffic." (A copy of Appendix II of the GAO report, pages 11 and 12, is attached.)

As mentioned at the April 10 hearing, TSCs have been serving about 50 percent of the country since the mid-1970's. Over the years SSA has developed effective service delivery systems based on the combined contributions of both TSCs and local field offices. In light of this extensive experience, we believe that pilot studies were unnecessary.

Attachment

Appendix II

Deciding on 800 Service—Other Options and Key Events

SSA considered ways to improve its phone service for more than 1 year. The following presents options and other matters considered by SSA that are in addition to the alternatives discussed on page 2 and a chronology of key events related to SSA's decision to implement 800 service.

An alternative considered was to pilot 800 service in the western part of the country. The proposed test would have combined 800 service with teleservice center (TSC) capability to answer local calls. Currently, about 24 percent of all calls received by SSA go to TSCs over local phone lines, which are much cheaper than using 800 lines. SSA said this option was rejected because eventually combining local and 800 service would provide limited flexibility in managing phone workloads because local lines and the 800 service could not help handle each other's traffic. Also, it would reduce SSA's planned management information capability because the total volume and accessibility of all calls to the TSCs would not be automatically compiled and might not be available if the local systems could not generate the same data as the 800 system, a situation that exists in some areas.

In considering alternatives, SSA decided that the additional cost of the 800 line service would not justify taking the necessary information from callers to enable them to file a claim for benefits over the 800 system. SSA encourages individuals to use the phone to file their claims if it is more convenient. However because the time it takes to file a claim is several times longer than the average incoming call, and line charges are based on the duration of the call, SSA will not take claims over the 800 system. SSA estimated the average incoming call not involving a claim takes about 200 seconds. Handling a claim over the phone can take 30 minutes or longer. Persons calling who indicate they would like to file a claim over the phone will be offered an appointment and then be called by a claims representative in a local office. SSA says this procedure will allow the applicant to have ready all the information necessary to file the claim. Although taking claims over the 800 system would not be cost-effective now, SSA believes it might be in the future. SSA said it expects the cost of 800 service to decrease in the future because of technological advancements and increased competition.

Table II.1 presents a chronology of key events related to SSA's decision to implement national 800 service.

Table II.1: Chronology of Key Events

7/86	An SSA teleservice work group reports on the advantages and disadvantages of centralizing or maintaining a decentralized teleservice network.
8/86	GAO report describes SSA's decentralized phone system and four types of answering facilities. Report cites absence of good management information regarding phone service, wide variation in service among facilities called during nationwide test, and absence of toll-free service for portion of population.
1/87	The Commissioner asks for a paper discussing the cost of a national TSC accessible by an 800 number.
3/87	The Commissioner decides to defer expanding toll-free service until SSA has a clearer idea of how to best provide such service to the public. Expansion was recommended earlier by the Deputy Commissioner for Management and Assessment (DCMA).
4/87	The DCMA submits a paper discussing the cost of establishing a 1-, 2-, 3-, or 10-site national TSC. The paper also discussed expanding toll-free service under the current system.
4/87	The Deputy Commissioner for Operations (DCO) submits a paper suggesting broad objectives for national teleservice. The paper suggests establishing a national 800 number providing teleservice from an integrated network of facilities at several locations.
6/87	The SSA Senior Executive Officer, after reviewing various teleservice proposal papers, recommends establishing a single national 800 toll-free number. The Commissioner requests an in-depth analysis of how 800 service could be provided by 10/1/87.
8/87	The Commissioner receives a joint DCMA/DCO paper that discusses options and recommends expanding the current toll-free system by accepting collect calls from toll areas and conducting a pilot test of an 800 number system for long-term planning purposes. The Commissioner decides to implement an 800 system and requests a study of how to accomplish a national 800 number as soon as possible.
10/87	A national 800 number implementation work group is formed to study technical, policy, and staffing issues.
11/87	The national 800 number work group presents the Commissioner an implementation plan for the initiative.
1/88	The Commissioner decides to implement a national 800 number by October 1, 1988.
5/88	SSA awards a contract for a national 800 number.

6. Many teleservice operators report that callers are upset when they realize that the 800 number does not connect them to their local Social Security office. Why aren't callers clearly informed of this fact?

For the great majority of callers, the location of the SSA teleservice representative is immaterial. As stated in our response to question 5, SSA has provided teleservice since the mid-1970s. Since that time calls from the 50 percent of the population serviced by SSA's 34 TSCs have been routed automatically to those centers rather than into the local Social Security office. This allowed the personnel in local offices to interview visitors without being steadily interrupted by ringing telephones and provided better service to the constantly increasing number of people who prefer to deal with SSA by telephone rather than in person.

The 800 Number system replaces a complicated mosaic of service by 34 separate TSCs and by local offices in areas not previously served by a TSC. As has been the past practice with SSA TSCs, the 800 Number is the entry point for contacting SSA, and callers who need further assistance on complex matters are routinely referred to local offices.

7. Would you consider providing the public with a true choice between SSA's two service systems by restoring the public's direct telephone access to local Social Security offices?

National 800 Number service and direct telephone access to Social Security offices are not considered "two service systems." National 800 Number service serves as an entry point for contact with Social Security and as a source of information and service that can be provided over the phone. When assistance or action by the local field office is needed, the caller is referred to that office. For example, the most complex work (filing an application for benefits) is carried out by claims representatives in field offices.

If the individual chooses face-to-face service, that option is always available. By having one national number for initial contact with SSA, those services that can best be performed on the phone by a teleservice representative are handled quickly and efficiently via 800 Number service. Personnel in field offices are then free to perform more complex work or face-to-face interviews without being interrupted by telephone calls.

8. In bringing down the busy signal rates in March, how many employees were taken out of Social Security field offices?

SSA identified 5 days in March when incoming calls could be expected to be the heaviest. To handle these additional calls, we detailed approximately 432 employees from nearby field offices per day.

9. At the April 10 hearing, the General Accounting Office representative reported that "there are indications that some of the staff used to supplement the TSC staff may not have been qualified." A. Why were any unqualified staff detailed to teleservice centers? B. How many unqualified staff were detailed to teleservice centers?

All of the employees detailed to the TSCs were qualified to answer telephone inquiries from the public. Most of these employees were experienced service representatives or higher graded employees. Those employees who were not service representatives were sufficiently familiar with the Social Security program.

10. In view that peak demand for SSA's service hits field offices as the 800-line at the same time, do you think it was advisable for SSA to boost staffing at the teleservice centers with field office staff during this period?

Surveys have indicated that most people prefer the convenience of doing business with SSA by telephone. By boosting staffing at the TSCs during peak demand periods, SSA is making the most efficient use of resources to ensure that the incoming calls are answered.

Detailing staff to the TSCs on peak demand days was only one of several actions which SSA took to alleviate the problem of handling heavy call traffic to the 800 Number. For example, we also redesigned our call routing plans to make more efficient use of the entire network.

11. How does SSA plan to manage peak demand on the 800-number system during this and future months?

We are looking at peak demand on a month-to-month basis at present. We did not use contingency measures for ~~all~~ of the peak days during April and did not do so for any of the peak days in May. We also have no plans for using the national peak day contingency measures in June. We have made several revisions in our call routing which we believe will smooth out traffic in the future. We continue to gain valuable experience in anticipating and handling heavy call volumes.

Three new TSCs will be operational by October 1989, as we phase in the remaining 40 percent of the country to the 800 Number network. Staffing plans for these TSCs address the need for flexibility in scheduling resources to meet the peak demand periods.

12. Given that you are requesting yet more staff reductions in FY 1990, how does SSA plan to staff the mega teleservice centers called for under phase two without diminishing service in Social Security's field offices?

The President's FY 1990 budget included sufficient resources to staff the new TSCs to provide 800 Number telephone service to all parts of the country beginning in October 1989. While staffing in field offices will decline in FY 1990, systems and procedural improvements will enable local offices to handle the work with fewer employees.

Also, with the TSCs handling virtually all of the general inquiries that are now answered in local offices, field office employees will be able to spend more time dealing with more complex issues, such as applications for benefits, or on providing other types of service to those who visit the offices. We believe this arrangement will result in better personal service in local offices and improved phone service as well.

13. In a recent SSA survey of the system's accuracy, why were [illegible] answers not counted as such if the caller also happened, for whatever reason, to be referred to a field office in the same call?

TSCs do not handle all types of field office workloads; in certain situations, a referral to a local office is a required, appropriate action. If incorrect information was accompanied by a proper referral, the call was considered correct based on an assumption that the caller would contact the local office, which would then take the needed action to assure proper handling of the inquiry.

Nonetheless, SSA has further investigated this issue to determine how often incorrect information accompanied a proper field office referral and whether the study's findings would be affected if these cases were counted as incorrect answers. The study sample consisted of 2,469 calls. Incorrect information was supplied in about 19 of the 301 calls that were referred properly to a local office. Of these, 5 calls could potentially affect payment or entitlement and 14 calls could affect the workloads or convenience.

If all of these calls are considered as incorrect responses, the original study findings are not significantly affected. Error rates increase only slightly from 1.3 percent to 1.6 percent (payment/benefits affected) and from 7.2 percent to 7.7 percent (workload/convenience affected).

Even though the results of the quality survey change only marginally when these answers are counted as incorrect, we agree that in future surveys such answers should be reported as an incorrect response. We have modified our instructions and methodology to assure that future surveys are tabulated in this manner.

14. As you know, GAO has recommended that SSA should halt all promotion of the 800 service until 1) the performance of the system is stabilized and improved and 2) the expansion of the remaining 40 percent of the country is complete. GAO also pointed out that the 800 service has not yet been stabilized and that measures taken to bring down the busy signal rate in March were "extraordinary and potentially disruptive". Thus, GAO has also recommended that any further expansion of the 800 number be contingent on SSA first reducing busy signal rates for the 60 percent of the country now covered, over a sustained period of time; then SSA should proceed to serve the rest of the country on an incremental basis, with service for each increment being dependent on the quality of service provided to those already covered by the service. A. Is SSA willing to accept and follow GAO recommendations? B. If not, why?

The steps which SSA is taking should satisfy GAO's concerns. The 800 Number service is already available across the country but only 60 percent of the Nation is covered by the service at this time. While we plan to implement the full national 800 Number service by October 1, 1989, we will gradually be phasing out the use of local office telephone numbers over a period of several months. This will provide an extra reserve capacity to ensure that the national volume of calls can be handled.

SSA is currently reviewing and updating its public information strategy for the national 800 Number service. The principal guideline for making public information decisions is that the system's capabilities not be exceeded as full 800 Number service is implemented.

SSA is also continuing its efforts to stabilize the performance of the system and to reduce busy signal rates without employing measures that could be disruptive to overall service to the public. Several initiatives are underway which include:

1. Working with the service contractor to refine the national call routing plan to most effectively use all TSC capabilities;

2. Increasing network capacity and flexibility by establishing a large (mega-site) TSC center in each time zone by October 1, 1989; and

3. Hiring a mix of part-time and full-time employees in mega-site locations so that adequate phone coverage is provided during peak demand periods.

This combination of measures to increase the capacity of the 800 Number service should allow SSA to provide high-quality telephone service through the 800 Number.

15. According to SSA's Project 2000, the agency's plan for coming years, SSA should move forcefully to make the teleservice "the predominate mode of service long before the year 2000."

A. I understand that you have repeatedly stated that SSA has no stated plans to close field offices; in view that field offices are provided no role in your plan isn't closure exactly the result that implementation of this plan would achieve?

As was stated at the April 10 hearing, SSA has no plans to close field offices. SSA currently has about 1,300 field offices located throughout the country, about the same now as 15 years ago. We expect this number to remain fairly constant over the foreseeable future.

By placing emphasis on the development of a high-quality teleservice system, SSA has responded to the public's preference for doing business over the phone. In a survey conducted in 1987, 60 percent of respondents preferred to transact business with SSA by phone. We expect this number to increase and have responded by launching the 800 Number service.

At the same time, SSA also recognizes that there will always be a portion of its clientele that needs or wants in-person service. We strongly believe that need must continue to be met, and that a community-based presence will continue to be essential to serving those who need or desire face-to-face service.

B. Is SSA concerned that the millions of elderly and severely disabled individuals that depend on the agency may be unfamiliar with and even intimidated by the type of automated service delivery system that the plan calls for?

We recognize that a portion of our clientele may not be ready or able to use some of the automated service delivery systems that the plan calls for. Therefore, SSA is moving gradually to a broader spectrum of options for delivering its service so that our customers can choose the option that is most comfortable and convenient for them. In addition, many people prefer to transact business with SSA by telephone, and improved telephone service should especially benefit those elderly and disabled people who find it difficult to travel to SSA field offices to transact their business. As pointed out in the response to question 15A, a community-based field structure, with the ability to continue to serve those who prefer face-to-face service, remains a central part of SSA's service delivery picture.

C. In view that Project 2000 would fundamentally and rapidly alter the way in which SSA delivers services--from a personal and community-based service to one that is centralized and largely automated--shouldn't older Americans and others who depend on SSA's services first have an opportunity to discuss the direction they think the agency should take before you proceed any further?

We agree that if we contemplated dramatic changes in how we deliver service, our clients would have to be heavily involved. In fact, however, we are not making dramatic changes in how we deliver service. All current forms of service delivery (e.g., local offices, TSCs) are being retained and strengthened so that SSA is in a better position to respond to the preferences of the public.

The huge volume of business we do over the phone (over 25 million calls since the 800 Number service was started last October) attests to the fact that a large segment of the American public wants to conduct its business with SSA over the phone. At the same time, we continue to maintain our network of local offices so that those who want in-person service can also be served according to their preference.

D. Would you agree to hold public hearings on the future course the agency should take before considering any further efforts to realize the changes envisioned in Project 2000?

Before deciding to improve our existing telephone service, we first considered the preferences of our customers, and as we have stated previously, we found that in steadily increasing numbers people prefer to do business with SSA over the telephone. We believe our preference surveys have provided us with the information we needed to adequately plan for the future, and we have shared our plans with all members of Congress. A public hearing would certainly be another way to find out the public's preferences on conducting business with SSA, but we do not believe it would furnish substantial additional information that we have not already obtained from our client satisfaction surveys.

Questions Concerning SSN Verification Requests

You agreed to submit to the Committee a list of those companies which have requested negative verifications from SSA.

1. Please include with that list a notation of when each request was made, whether the request was filled, how many names were run on the computer for each company, and how many of those names were unverified.

Three Rivers Bank and Trust Company
Route 51, South
P.O. Box 10915
Pittsburg, Pennsylvania 15236

Request Made: 5/87
SSNs on Computer Run: 14,614
Request Filled: 8/87
SSNs Unverified: 2,333

Citibank/USA
Citicorp Credit Services, Inc.
11th Floor
575 Lexington Avenue
New York, New York 10043

Request Made: 6/85
Total SSNs Run: 382
Request Filled: 8/85
SSNs Unverified: 225

Request Made: 10/85
Total SSNs Run: 932,709
Request Filled: 2/87
SSNs Unverified: 423,610

Request Made: 10/85
Total SSNs Run: 853,607
Request Filled: 6/87
SSNs Unverified: 60,393

Request Made: 10/85
Total SSNs Run: 600,130
Request Filled: 7/87
SSNs Unverified: 37,638

Request Made: 10/83
Total SSNs Run: 313,696
Request Filled: 1/88
SSNs Unverified: 28,770

Pension Benefit Information
P.O. Box 111
Tiburon, California 94920

Request Made: 5/87
Total SSNs Run: 150,648
Request Filled: 10/87
SSNs Unverified: 9,754

National Life Insurance Company
Cash Disbursements Division
National Life Drive
Montpelier, Vermont 05604

Request Made: 5/87
Total SSNs Run: 259,876

Request Filled: 9/87
SSNs Unverified: 15,948

Penn Mutual Life Insurance Company
5th and Walnut Street
Independence, Pennsylvania 19172

Request Made: 8/85
Total SSNs Run: 197

Request Filled: 8/86
SSNs Unverified: 89

TRW Information Systems Group
P.O. Box 6230
505 City Parkway West
Orange, California 92668

Request Made: 2/87
Total SSNs Run: 151,953

Request Filled: 3/87
SSNs Unverified: 42,860

Request Made: 7/87
Status: Request Denied

Chilton Corporation
2819 North Fitzhugh Avenue
Dallas, Texas 75204

Request Made: 8/88
Status: Request Denied

National Westminster Bank USA
Room 3-200 North, ISA/DBA
3 Huntington Quadrangle
Melville, New York 11747

Request Made: 3/88
Status: Request Denied

Fidelity Bankers Life
Fidelity Bankers Life Building
1011 Boulder Springs Drive
Richmond, Virginia 23225

Request Made: 10/88
Status: Request Denied

Provident Mutual Life Insurance
Company of Philadelphia
1600 Market Street
Philadelphia, Pennsylvania 19101

Request Made: 7/88
Status: Request Denied

Capitol Federal Savings
No. 7 Inverness Drive East
Englewood, Colorado 80112

Request Made: 7/88
Status: Request Denied

Manufacturers Life Insurance Company
200 Bloor Street East
Toronto, Ontario M4W 1ES

Request Made: 2/89
Status: Request Denied

Kentucky Power Company
608 High Street
P.O. Box 958
Hazard, Kentucky 41701-0958

Request Made: 12/88
Status: Not filled.

Transportation Information Services, Inc.
DAC Services
4110 S. 100th East Avenue, Suite 200
Tulsa, Oklahoma 74146-3634

Request Made: 7/88
Status: Not filled.

CIC, Incorporated
2001 Pan Am Circle
Suite #114
Tampa, Florida 33607

Request Made: 12/88
Status: Not filled.

2. Have any of the following requests been filled, and, if so, when were they filled?

a) 300,000 names for Provident Mutual
b) 27,000 names for Chilton Corporation
c) 150,000 names for Capitol Federal Savings
d) 1,000,000 names for National Westminster Bank, USA
e) 38,000 names for Fidelity Bankers Life

All of these requests were denied by SSA. The denial of these requests is indicated as part of the answer to question number one, above.

3. Why were over 500,000 of the names run for Citicorp Credit Services unverified? Did this cause any problems for SSN holders?

Without contacting Citicorp directly, we would not know why their records failed to verify. Because the Freedom of Information Act does not allow the agency providing information under that Act to restrict how the information is used, SSA would not know what actions, if any, were taken with records that failed to verify.

4. You have stated since the hearing that negative verifications took place in the late 1970's. Please provide documentation regarding the 1970's origin of the policy and the specific cases of negative verifications, including the companies for whom this service was performed and the number of negative verifications conducted for them, during the late 1970's. How did the policy allowing such verifications emerge?

Before 1976, SSA's policy generally was to deny requests from third parties for personal information. SSA generally denied such requests citing exemption 3 of the Freedom of Information Act (FOIA). Exemption 3 provided that information prohibited by law from disclosure did not have to be disclosed under the FOIA. SSA cited section 1106(a) of the Social Security Act as the statute that prohibited disclosure of personal information in SSA's records.

The 1976 amendments to the FOIA amended exemption 3 of the FOIA so that section 1106(a) of the Social Security Act could no longer be cited as an exemption 3 statute. Given the fact that SSA could no longer deny requests for personal information based on exemption 3 of the FOIA, SSA was compelled to reevaluate its disclosure policy.

The FOIA is, of course, designed to encourage the disclosure of information to requesters. Prior to the Supreme Court's decision in the Reporters Committee, the courts generally interpreted the exemptions in the FOIA narrowly.

Given this climate in the late 1970's and early 1980's, SSA did not think that it could justify refusing FOIA requests for negative verification. SSA reasoned that a negative verification is not a disclosure under the terms of the Privacy Act because no record is disclosed when a nonmatch is indicated. Since SSA perceived that no disclosure of personal information was involved, SSA believed that requests for negative verification under the FOIA could not be denied.

With regard to specific cases of negative verifications for companies during the late 1970's, we do not have complete records of the negative verifications we did at that time. However, the records that we do have show that, beginning in 1977, we did negative verifications for State and Federal officials for various purposes, such as investigation of money order fraud.

As required by the guidelines established by the National Archives and Records Administration, files created in response to requests for information under the FOIA that are granted are maintained for 2 years. However, we have retained information pertaining to requests relating to negative verification of SSN/name matches that are processed through the Enumeration Verification System for a longer period of time; such information is available back to 1983.

5. Who authorized the negative verification policy under your and previous administrations?

As noted in the response to question 4, in the late 1970s, following the 1976 FOIA amendments, a consensus developed within SSA that negative SSN verification did not constitute disclosure under the Privacy Act. Since no disclosure of personal information is involved, requests for negative verification under the FOIA could not be denied. This consensus was gradually translated into operating practices and procedures, but was not reflected in official operating instructions until 1982 (copy attached).

Attachment

B. The Privacy Act also allows us to disclose data for epidemiological purposes in a form allowing individual identification if:

1. We determine that the requester needs the information in an identifiable form, will use the information only for that purpose, and will protect individuals from unreasonable and unwanted contacts.
2. The recipient will keep the information as a system of statistical records, will follow appropriate safeguards, and will make no redisclosure without our approval.

C. Requests for this type of information should be referred to RUSB.

03307.235 Verification of Social Security Numbers

We receive numerous requests to verify whether a name and social security number match our records. The guidelines below should be followed.

A. We may inform any requester that a name and SSN do *not* match.

NOTE: *Do not inform the requester of the correct SSN holder.*

B. We may inform any requester that an SSN has not yet been issued (an "impossible" number).

C. We may inform the following requesters if a name and SSN match *or* do not match:

1. Federal agencies who use the SSN as a numerical identifier in their record-keeping systems
2. Federal, State, or local agencies for use in administering income or health maintenance programs
3. Any of the agencies or requesters to whom we disclose SS-5 information (see appropriate sections of this subchapter).

03307.240 Requests Concerning Other than Social Security Checks

Do not comply with requests for information concerning the investigation of the theft, forgery, or unlawful negotiation of other than a social security check, unless the consent of the individual whose SSN is involved has been obtained.

03307.245 Request from Parent on Behalf of Child

Under the Privacy Act, a natural or adoptive parent or the legal guardian of a minor child may, on behalf of that child, request access to all of the child's records. The conditions set out below must be met.

A. The parent or guardian must produce evidence to establish his or her relationship to the child if SSA has not already established that relationship.

B. A stepparent may not access a stepchild's record unless he or she is the child's legal guardian.

C. Deny a request if it appears that the parent or guardian is acting on his or her own behalf and not on behalf of the child. An example would be if a parent wants to know the amount the child received on another person's account to prove that the parent should not have to pay as much support.

NOTE: *A minor may exercise his or her right of access on his or her own behalf; consent of a parent is not necessary.*

Law Enforcement

03307.250 Requests from Federal, State, and Local Agencies

SSA receives a number of requests from Federal, State, and local law enforcement agencies (e.g., police departments, sheriff's offices) for information regarding individuals whom they are investigating in connection with a crime. Information may be disclosed *only* in the following circumstances:

A. A violent crime such as murder or kidnapping has been committed, and

B. The individual about whom the information is being sought has been indicted or convicted of that crime.

C. *Only* non-tax return information may be disclosed.

03307.255 Court Orders

SSA frequently receives subpoenas or other court orders, directing us to release information. The guidelines set out below should be followed.

A. *Tax return information*—may not be disclosed without the individual's consent except:

1. If the disclosure has been approved by IRS.
2. If the request is from the Tax Division of the Department of Justice for income or FICA tax purposes.

B. *Non-tax return information*—The Privacy Act allows us to disclose information when we receive a court order. However, because of the sensitive nature of the information in our records and because participation in social security programs is mandatory and people cannot limit what information is given to SSA, we generally disclose information in response to a court order only if:

1. The disclosure is permitted by law, regulation, or a routine use under the Privacy Act.
2. The Secretary of HHS is a party to the proceeding.
3. The information is necessary for due process in a criminal proceeding.

C. If a subpoena or court order is received and there is a question regarding disclosure, contact RUSB by telephone. If necessary, RUSB personnel will contact the requester.

6. SSA officials have estimated that the TRW request for verification of 140 million SSNs would use 420 hours of computer time and 1,344 hours of overtime. How much computer time and overtime was involved in meeting the requests under your administration? Although I understand that SSA may have billed the companies for this purpose, how can you justify this in light of staff reductions that have already occurred and SSA's request for increased appropriations to expand its computer capacity, since the companies would use computer capacity, but their payments would not be used to expand that capacity?

The total number of negative verifications performed for private companies since July 1986 was 3,277,430. The computer time required to process all these items was about 10 hours. As a basis for assessing the impact of this workload, the update of the system of records involved (the Master Files of Social Security Number Holders) requires 3 to 4 hours per day, whereas the negative verifications for private companies required just under 10 hours in 2 1/2 years. There was no overtime involved in processing this workload; the requests have always been scheduled so as not to interfere with Social Security's ongoing operation. The work for private companies was performed during regular working hours, but at our convenience.

7. I understand that SSA may have prepared computer tapes of deceased SSN holders and, at cost, shared them with private concerns. Further, I understand that SSA may have excluded from the tapes names and numbers that have been supplied to SSA by State and local governments. If this is so, please provide any documentation of and explanation for this practice. Please disclose the number of death records that may have been released to private concerns.

In the late 1970's, SSA received numerous requests for volume death information from private sector organizations (such as insurance companies that wanted to purge their files of annuitants who were deceased). While SSA did not initially comply with these requests, the agency subsequently developed a Death Master File in response to the consent judgment settling a Freedom of Information Act (FOIA) lawsuit, Perholtz v. Ross, U.S. District Court, District of Columbia (copy attached). Since then, SSA has made this file available to any requester and the fee charged is the actual cost to SSA for producing the record. Through December 1988 there were a total of 38,572,366 items (names and Social Security numbers of deceased individuals) in the file.

SSA is precluded under section 205(r)(6) of the Social Security Act from disclosing death information received under section 205(r) from State death records. This information is exempt from the disclosure requirements of the FOIA under exemption (b)(3). Thus, the Death Master File furnished to requesters does not contain any death information received under arrangements with State Vital Statistic agencies pursuant to section 205(r).

Attachment

L. Pinks

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

RONALD J. PERHOLTZ,

Plaintiff,

v.

STANFORD G. ROSS,

Defendant.

Civil Action Nos. 78-2385
78-2386

FILED

APR 2 - 1980

JAMES F. DAVEY, Clerk

CONSENT JUDGMENT

It appearing that the parties have consented to judgment upon the following terms in settlement of the above-entitled actions, it is hereby

ORDERED, in Civil Action No. 78-2386, that:

1. Defendant, Social Security Administration ("SSA"), shall comply with the Freedom of Information Act request which is the subject of Civil Action No. 78-2386 by employing appropriate computer program or programs to search those files designated Master Beneficiary Record computer file and Earnings Reference master computer file and by providing plaintiff, Ronald J. Perholtz ("Perholtz"), with computer tapes on which the results of that search are memorialized.

2. SSA shall search for, and report to Perholtz on 1600 BPI (IBM compatible) IBM standard label magnetic tapes, the social security number, surname and (as available) date of death, of each person reported on those files as deceased.

3. In payment for all costs incurred in developing, programming and processing, and all miscellaneous expenses incurred by SSA in performing the search referred to in paragraphs 1and 2, Perholtz agrees to pay $10,243.00. This amount represents the total amount payable for the search of the Master Beneficiary Record computer file and the Earnings Reference master computer file, as disclosed in the affidavit of Rhoda B. Mancher filed in the above-entitled action on January 15, 1980, and is payable in the following installments:

(a) Upon entry of this Order, $1,678.25 (representing one-half of the cost of the search of the Master Beneficiary Record computer file);

(b) Upon completion of the search of the Master Beneficiary Record computer file, and provision to Perholtz of the tape(s) memorializing that search, $1,678.25 (representing one-half of the cost of the search of the Master Beneficiary Record computer file) and $10.00 for each reel of tape;

(c) Upon SSA's validation of the Earnings Reference master computer file in the normal course of its business and notification of Perholtz of this validation by SSA, $3,453.25 (representing one-half of the cost of the search of the Earnings Reference master computer file); and

(d) Upon completion of the search of the Earnings Reference master computer file and provision to Perholtz of the tape(s) memorializing that search, $3,453.25 (representing one-half of the cost of the search of the Earnings Reference master computer file and $10.00 for each reel of tape.

4. SSA shall complete the search of the Master Beneficiary Record computer file and provide the computer tape(s) which memorialize the results of that search to Perholtz within 90 days of the payment by Perholtz of the amount referenced in paragraph 3(a) above.

5. SSA shall notify Perholtz within 15 days of validation of the Earnings Reference master computer file referenced in paragraph 3(c) and shall complete the search of the Earnings Reference master computer file and provide the computer tape(s) which memorialize the results of that search to Perholtz within 90 days of the payment of Perholtz of the amount referenced in paragraph 3(c) above.

6. SSA shall maintain and safeguard the computer program or programs developed for the purpose of making these searches for a period of four (4) years.

7. In any calendar year, SSA shall honor one properly filed request submitted by Perholtz pursuant to the Freedom of Information Act, 5 U.S.C. §552 (1976), or any successor statutes, requesting an update of the information provided by SSA pursuant to paragraphs 1 and 2, by employing the computer program or programs referenced in paragraph 1 above, if still in existence pursuant to paragraph 6 above, or by developing alternative or substitute programs. Perholtz shall file no more than one such request for updated information in any calendar year. The results of these update searches will be provided to Perholtz within a reasonable period of time at a reasonable cost not to include the cost of programming the search of the computer files if the programs referenced in paragraph 1 above are then-existent or should have been in existence at the time of his request pursuant to paragraph 6 above (other than those costs of additional programming which may be necessitated by modifications in the normal operating procedures or computer programs of SSA); provided that, this provision shall not be construed to require SSA to undertake the annual update searches referenced above in advance of any Freedom of Information Act requests which are on file with SSA prior to the filing of any such request by Perholtz.

8. Perholtz may include in any request for annual updates referenced in paragraph 7 above requests to search the computer file designated Supplemental Security Income master file or any successor files to the Master Beneficiary Record file, the Earnings Reference master computer file, or the Supplemental Security Income computer file, provided that, all reasonable additional costs in making such additional searches shall be paid by Perholtz and that the results of these additional searches shall be provided to Perholtz within a reasonable time, and further provided that:

(a) this provision shall not be construed to require SSA to undertake these additional searches in advance of any Freedom of Information Act requests which are on file with SSA prior to the filing of any request for such additional searches by Perholtz; and

(b) the period of time for completing these additional searches and providing the results of these searches to Perholtz may exceed the period of time for providing the results of update searches of the search referenced in paragraphs 1 and 2, but not to exceed a reasonable incremental period; And it is

FURTHER ORDERED that Civil Action No. 78-2385 is hereby dismissed; And it is

FURTHER ORDERED that judgment shall be entered in this action in accordance with the terms stated in this Consent Judgment.

RONALD PERHOLTZ
Plaintiff

UNITED STATES DISTRICT JUDGE

RONALD M. KRETSCHAH
Attorney for Plaintiff

Dated: April 8, 1988

CHARLES F. C. RUFF
United States Attorney
Attorney for Defendant

ROYCE C. LAMBERTH
Assistant U.S. Attorney
Attorney for Defendant

JASON D. HICKS
Assistant U.S. Attorney
Attorney for Defendant

Item 2

SOS COALITION TO SAVE OUR SOCIAL SECURITY
SOS SAVE OUR SECURITY
1201 16th ST., N.W., SUITE 222, WASHINGTON, D.C. 20036, TELEPHONE: (AREA CODE 202) 822-7848

Co-Chair and Founder 1979 to 1987
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Former Secretary of Health, Education & Welfare

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Vice President and Executive Council Member, AFL-CIO
WILLIAM HABER
Former Member, Advisory Council on Social Security
ROBERT J. HAVIGHURST
Department of Education, University of Chicago
MRS. ABRAHAM EPSTEIN
Former Advisor, American Association of Social Security
ELIZABETH WICKENDEN
Director, Study Group on Social Security
CHARLES A. VANIK
Former Member, House Committee on Ways and Means

Legal Counsel
ELLIOT BREDHOFF, Esq.
Bredhoff & Kaiser

Executive Director
ROBERTA FEINSTEIN

Senator David Pryor
Special Committee on Aging
SD-31 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Pryor:

I am writing in reply to your letter on April 17, 1989,. requesting replies to questions which you included in your letter. It was a privilege to appear before your Committee on April 10th to discuss SSA's service problems. SOS is well-aware of your strong interest in these problems and will be happy to assist you in any way in your efforts to correct the very serious problems which face applicants, beneficiaries, and staff a SSA.

My reply to your specific questions are set forth below.

1. SOS believes that the outreach provision in S. 600 would be advantageous. We believe that there may be up to two million elderly and disabled beneficiaries who are potentially eligible for SSI but are not now receiving it. In particular, low income Title II recipients would be the most likely to benefit from SSA outreach efforts which are outlined in the bill.

Currently, we believe that it is SSA's policy that SSA staff discuss the availability of SSI with low-income people applying for or receiving Social Security. With the staffing cuts, it is not clear that this policy is being widely implemented. As it is SSA policy, staff should notify Social Security beneficiaries of the availability of SSI regardless of the additional time it may take to perform this task. However, we do not anticipate SSI notification would add much time to SSA staff workload.

Probably the most important aspect of S. 600 is that it requires SSA to provide notice of possible SSI eligibility to low-income Social Security recipients on an annual basis. It is very common that when a person comes in to apply for Social Security, she will not be eligible for SSI. This is because, while the person's income is below the SSI level, she has resources which exceed that level. However, after a period of time of

living at a very low income level and supplementing that income from the savings account, it is very common that the person will have spent down her resources so that she is now eligible for SSI. By requiring annual notice, your bill guarantees that SSA will get a notice to such individuals sometime within the year in which she first becomes eligible for benefits.

As a result of the annual notice, there should be some increase in the number of SSI applications which are filed. This could increase staff work. However, as it is the work that SSA is supposed to be doing and which should be a priority for SSA, any increase in the workload should be addressed by SSA by making sure that staff is available to assist in taking the applications and processing them.

2. There is a role for high-quality telephone service at SSA if it is provided as an optional service. As came out at the hearing, the "800" number is SSA's preferred mode for service delivery. And, as you predicted, if SSA continues on its current course, there soon will be no district offices.

The key is to find the balance and to assure that the service is of high quality, which is currently not the case. Telephone service, not necessarily through an "800" number, makes sense for individuals who are homebound. (Although, ideally, the call should generate a home visit.) "800" number service seems most appropriate for the routine, simple requests such as applications for social security numbers for children and questions such as when local offices are open.

It was very troubling to hear SSA's Commissioner and her staff say that the witnesses who testified of their first-hand problems with the "800" number were "not representative." Apparently, this stems not from the fact that SSA is claiming that there are very few problems, but from its view that the 38 million applicants and recipients are only a small portion of the 200 million Americans who have some contact with the Social Security system. The calls of applicants and recipients, while significant in number and often requiring complex knowledge, compete with the high volume of simpler calls which SSA must also answer, such as applications for Social Security numbers for children. SSA therefore believes that the calls of applicants and recipients are "not representative."

This approach, of course, fails to recognize that the 38 million Americans who depend upon SSA for their income are least able to afford delay, inaccurate information, and inaction. In addition, many who apply for or receive Social Security or SSI are also in need of personal assistance, face-to-face contact with an SSA staff person. This assures that they take the necessary steps to secure or protect their eligibility. It allows the SSA employee to detect whether there is confusion or misunderstanding. This is lost in telephone contact.

Therefore, while there is a role for teleservice, it should not be the sole, or even the preferred, method of contact with SSA, at least not for applicants and recipients. As a result, the Congress should consider limiting the use of the "800" number to certain types of calls. One way to do this is to require SSA to change its telephone directory listings to read something like the following:

Social Security Administration

If you are applying for benefits
or you receive benefits:

District Offices

1234 Main Street	987-6543
56 Southern Blvd	123-4567

If you are applying for a Social
Security number or have other
questions about Social Security,
Supplemental Security Income (SSI)
or Medicare:

800-123-4567

This approach does four things: (1) it lets people once again know that there is an SSA office in their community and where it is; (2) it assures that applicants and recipients will get the attention and service which they need at the local office (this includes a homebound applicant or recipient who will have the local office's number to call); (3) it permits a person who does not speak English a better opportunity of finding SSA staff locally who are bilingual; and (4) it permits SSA to retain the "800" number for those types of calls where it makes the most sense to have the service.

3. Over the past few years, SOS has become increasingly concerned about the quality of service at SSA and the relationship of the drop in quality to the staffing cuts. SOS believes very strongly that not only must the cuts stop but also that staff positions must be restored.

As a result of the concerns about service, SOS established a committee to specifically look at service issues. Attached is one product of that committee. It is a "Bill of Rights" for Social Security and SSI. Essentially, by identifying the problems, we were able to enumerate the rights which were being jeopardized. It was our goal to see the Bill of Rights become law. After many discussions and revisions, a modified version of the package was introduced in both the House and the Senate last year by Representative Levin and Senator Riegle. A slightly different version has been introduced in the 101st Congress, H.R. 1353 and

S. 562. It is our hope that these provisions will become law this year.

We urge you, both in your capacity as Chair of the Aging Committee and as a member of the Finance Committee, to vigorously support passage of S. 562 in this session.

You will note that there is one provision which requires that SSA create a demonstration project which will provide callers with receipts when they call into SSA. We believe that this is critical. There is simply too much anonymity and too little accountability in the current system. Receipts will assist in permitting the caller to prove not only that the contact was made but also what information was provided. While we are pleased that the bills require a demonstration project, we believe that the legislation should require that receipts be provided now, across the board in both local offices and for phone contacts, and not on a demonstration project basis.

S. 562 focuses on the problems which applicants and beneficiaries face in terms of service cuts. There is a separate need for strong language, either in appropriation's language or through Finance Committee legislation, requiring SSA to restore staff positions and to fortify the staffs of the local SSA offices.

Two years ago, the SOS service committee also looked at problems with the access to SSA over the phones and with the accuracy of the information which was being provided. While our efforts were modest, they highlighted the problems. The results were submitted at a hearing conducted by Representative Ted Weiss in July, 1987, and are attached here.

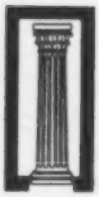
I hope that this information is helpful. Please feel free to contact me or Roberta Feinstein Havel at SOS, at any time.

Sincerely,

William Bechill (AMH)

William Bechill
Vice Chair

Item 3



NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

2000 K Street, N.W., Suite 800, Washington, D.C. 20006 (202) 822-9459

STATEMENT OF
MARTHA McSTEEN
PRESIDENT

NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

SUBMITTED TO

SPECIAL COMMITTEE ON AGING
U. S. SENATE

WITH REGARD TO

SOCIAL SECURITY ADMINISTRATION
TELEPHONE INFORMATION SERVICE

APRIL 10, 1989

I am Martha McSteen, President of the National Committee to Preserve Social Security and Medicare.

The National Committee, in numerous previous statements, has expressed its concern about the decline in service at the Social Security Administration and has linked this decline to efforts to cut administrative corners at all costs, regardless of the impact.

We believe that increased use of the telephone, done properly, can enhance service to beneficiaries by making it more convenient, timely and economical to beneficiaries to get information, report changes, or file for benefits. On the other hand, if increased use of the telephone is merely another attempt to cut costs, service can deteriorate even further.

Not only is telephone contact not always appropriate, but distance and anonymity increase both the opportunity for error and the likelihood that the error will never be corrected.

We want to share with the members of this committee four specific problems our members and staff have had with the new 800 number telephone service.

Inaccurate answers coupled with rudeness:

Mrs. Virginia Schiffle of Redlands, California, is a Federal Government retiree who was referred to us by another individual we had assisted. After reviewing her circumstances, our staff encouraged Mrs. Schiffel to elect to come under the new Federal Employees Retirement System (FERS) during the extended open season in 1988 and then file for her Social Security spouse benefits. But the Social Security office at Redlands, California, was, at that time, apparently unaware of the eligibility of new FERS retirees for benefits so the claims representative discouraged her from filing a claim.

Then, in early November when a widowed co-worker whom we had also counseled began receiving benefits, Mrs. Schiffel again attempted to file for benefits. This time she reached the new toll-free 800 number. Again she was told she was ineligible and, once again, no application for benefits was taken. Mrs. Schiffle not only received inaccurate information, she also was treated rudely. The discourteous service representative incorrectly argued with her that only public retiree spouses or widows eligible to retire before December 1982 could qualify for benefits. When asked, he gave his name only as "Kelly" and otherwise refused to identify himself or the telephone service center where he was located.

We prevailed upon Mrs. Schiffle to go back to her local office and insist on filing a claim and were rewarded last month with the following letter:

> "I went to see Mr. Martel again and showed him your letter. He still had a copy of my previous request where he had my benefits all figured out and then his supervisor told him that I did not qualify. He apologized several times for the problems he had caused me.
>
> "I am now receiving my Social Security based on my husband's account. Thanks again for all your assistance."

The National Committee to Preserve Social Security and Medicare is proud of its staff's ability to respond to questions and requests for help from its members. Yet, it is symptomatic of serious problems at the Social Security Administration when our staff must identify and then try to correct errors and omissions. We cannot help but be concerned about the thousands of individuals for whom errors go undetected or who do not heed our counsel to appeal erroneous decisions because they feel the Social Security Administration could not have made a mistake.

Argumentativeness and Rudeness:

Mrs. Kathleen Stevens of San Lorenzo, California, a 72 year old National Committee member, wrote of her call to the new 800 number:

> **"The first person, a woman, was able to reasonably answer questions. When I told her how dreadful I thought it was that senior citizens had to pay so much for Catastrophic Medicare, she adamantly asked 'Just who do you think should pay for it?'**
>
> **"I tried to return to my question.**
>
> **"Mr. Roosevelt, she point blank refused to answer my question and said, 'Just a minute. I want to get an answer from you. Just who do you think should pay for it?'**
>
> **"With that I hung up. Then I phoned back and a man came on the line who had to ask questions all the time of someone in the office."**

Please hold and your call will be answered in turn:

Mrs. Vicky Gray of Cerritos, California, didn't even get to talk to a service representative.

Despite an hour-and-a-half wait in line, at the Social Security Office in Bellflower, California, she never got had an opportunity to return her deceased mother's final Social Security benefit check. She then called the 800 number to ask what to do with the check.

> **"I spent a half hour to talk to someone who put me on hold. A half hour later another person came on. She took my phone number and name. That was five days ago. I have heard from no one.**
>
> **"My mother's check is still in my hands. To send it registered mail will cost $5.00 or more. To give it in person is a two hour wait. I would make an appointment, but I cannot get through to the Bellflower office."**

No information and no local offices:

Beth Lyle, one of our own Member Relations representatives, just last month experienced first hand the inadequacy of SSA's total reliance on 800 number service and the deliberate attempt of SSA to circumvent all contact with local offices.

One of our members had complained about service from the new Medicare Part B carrier for New Jersey. Repeated attempts to resolve the problem by mail had not met with success.

Ms. Lyle called the SSA 800 number to obtain the carrier's toll-free number which we would then incorporate into our response. But the SSA teleservice representative did not have a phone number for the New Jersey Medicare carrier.

Ms. Lyle then referred to SSA's Service Area Directory and dialed the administrative line in each and every SSA field office in New Jersey in an attempt to obtain the needed information. Every line was intercepted and a recording referred her back to the 800 number where we already knew teleservice representatives neither had the number nor, apparently, the knowledge of how to locate the number.

Ms. Lyle then called the Health Care Financing Administration in Baltimore to request the carrier's number. A HCFA representative who could not immediately locate the number has never called back, as promised.

Mr. Chairman, on behalf of our five million members, we urge you to work for restoration of the quality service which formerly was the Social Security Administration's hallmark.

Thank you.

Item 4

NATIONAL FEDERATION OF FEDERAL EMPLOYEES

NFFE

1016 16th St., N.W.
WASHINGTON, DC
20036
(202) 862-4400

STATEMENT

BY

THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

BEFORE

THE SENATE SPECIAL COMMITTEE ON AGING

ON

SOCIAL SECURITY ADMINISTRATION TELESERVICE

APRIL 10, 1989

Mr. Chairman and Subcommittee Members:

I appreciate the opportunity to present the views of the National Federation of Federal Employees today, which represents 150,000 Federal workers nationwide, a significant number of whom work for the Social Security Administration in field offices across the country.

I congratulate the committee for its efforts to investigate the efficiency and effectiveness of the SSA teleservice program. NFFE has very serious reservations about this program, and strongly suspects that in the long run, the plan will not serve SSA claimants well.

The teleservice plan involves redirecting work from the current 1,300 SSA field offices to teleservice centers. Operators at these telecenters would process social security and supplemental security income (SSI) claims by telephone only. They would handle all the inquiries and problems that result after claims have been granted or denied by telephone. Begininning October 1, 1989, individuals who wish to call their own district SSA offices will no longer be permitted to do so. Their calls will automatically be rerouted electronically to the teleservice center's toll free "800" number. An employee in the center, which could be hundreds of miles away, will then attempt to handle the claims. This program bars local offices from serving their communities, the very reason for their existence.

Our society is becoming more automated every day and for the most part, it is a benefit, but the teleservice program would eliminate one of the last vestiges of human contact we have with our Government. SSA Commissioner Dorcas Hardy has concentrated her energies on the teleservice program and forgotten that SSA recipients are human beings in need of special attention, attention that only workers in field offices can handle.

President Bush has said that he wants America to be a kinder and gentler nation. NFFE does not think forcing people to talk to a teleservice center 300 miles away from their home and eliminating personal contact is the way to go about it. It is inhuman to force the elderly and the handicapped to endure telephone tag with the SSA. Most of these people need help fast and the only way they can resolve their cases is by dealing directly with a field office employee.

As more and more claimants are directed to telecenters, NFFE is convinced that SSA will begin to close the field offices down, claiming that most individuals prefer teleservice. As the field offices close across the country, it will eventually become virtually impossible for most SSA claimants and beneficiaries to handle any question or problem fact-to-face with an SSA employee. It is already becoming exceedingly difficult. Telephone numbers for local SSA offices are no longer even listed in the phone books. When every Congressional district has a field office, most individuals can manage to get to that office with a question or a claim. When there are an ever shrinking number of offices, the aged and the disabled will be unable to travel to central locations, and will have no other choice than to use teleservice. This would be wrong.

It appears that eliminating face-to-face meetings between SSA employees and claimants or beneficiaries is the agency's goal. SSA has made a commitment to putting the best face possible on the teleservice program. When the agency was first tracking teleservice calls last fall, employees were directed to inflate the statistics to make teleservice seem more popular. Claimants who came to field offices in person were often directed to return home and given an appointment time for an SSA employee to call them. The entire transaction was then listed as a teleservice call. The fact that the individuals came into the field office first was obscured in the study. Once the agency completed its report on teleservice effectiveness, the bait and switch procedure was halted and claimants were again allowed to speak to employees in person.

The efforts to make teleservice seem effective continue, however. Currently, the SSA Commissioner has siphoned off a significant number of field office employees to work in the teleservice centers which are experiencing the typical seasonal increase in SSA inquiries. NFFE is aware of field offices near Atlanta and Cincinnati that are operating with skeleton staffs in order to facilitate operations at the teleservice centers.

The field offices received no replacement workers, and as a result are understaffed. NFFE finds it suspicious that the Commissioner then choose this moment to order an efficiency study of the field office workloads. NFFE intervened as the employee representative and had the study postponed, but the union is convinced that its inference is correct: SSA is determined to make field office work seem inefficient and impractical when compared with teleservice.

If teleservice really provided more efficient service, and if claimants truly preferred to file for claims or handle benefits problems over the telephone rather than in person, evidence of efficiency rating scams would be moot. But herding claimants who prefer to visit an office into using the teleservice system is not more efficient, nor is it serving the public well.

In any discussion of efficiency in filing claims for social security or SSI, it is important to understand the types of original documents necessary to process claims. Claimants must provide original birth certificates, marriage licenses, divorce decrees and military discharge papers in order to qualify for payments. Constructing a nationwide teleservice program will not alter this requirement. Beneficiaries may, of course, choose to mail these original documents to SSA. This option is available at present. And yet, the majority prefer not to let these important documents out of their possession. They would rather come into an SSA office, have official copies made while they wait, and then take their documents back home with them.

It is also important to understand the limitations of the average social security or SSI beneficary. They are typically the elderly, the mentally or physically challenged, and survivors. NFFE's SSA employees have found that it is most effective to deal with these individuals face-to-face. Many of the beneficiaries develop a special rapport with a particular employee. They will come into the office and wait until they can see the one individual whom they trust. This carefully crafted relationship enables SSA employees to deal with the most difficult and painful problems claimants encounter.

These employees have built up the necessary goodwill, for example, to succeed in explaining why a bereficiary must return an overpayment to the agency, and have the claimant undertand and comply. Virtually every field office employee eventually acquires one or two special claimants with whom only they are able to cope. When they are not available, many beneficiaries simply refuse to discuss their case until their "special" employee has returned. Naturally, this type of rapport is impossible with a teleservice system. Yet the agency is actively redirecting resources away from field offices to assist teleservice efficiency. This decision may look well on a management flow chart, but it ignores the realities NFFE members face every day.

One of the most important aspects of a face-to-face discussion of a claim is the ability of the employee to determine whether the beneficiary has understood such complicated issues as reporting responsibilities. It is not enough to read an individual his or her rights and duties from a printed page. The SSA employee has to be able to "read" the beneficiary. An experienced employee can sense if a claimant's response of, "Yes, I'll fill that out every month," really means, "Yes, I want my benefits and you seem like a nice person, so I'll agree with whatever you say." NFFE is aware that the incorrect information ratio for teleservice claims is much higher than that for field offices, and we suspect it is because the teleservice employees cannot "read" the beneficiaries over the telephone.

NFFE takes issue with the agency's claim that teleservicing is more efficient. The processing of telephone claims requires more paperwork than a face-to-face claim. Employees must send out a notice telling claimants that they have 60 days to return certain documents and then a second notice that they have 30 days to return other forms. When a claim is filed in an SSA office, these notices are unnecessary because the work is done while the claimant is present. With the severe reduction in clerical workers already plaguing SSA offices, a massive increase in the number of teleservice claims will likely swamp the system.

A further problem with teleservice claims arises when claimants file for questionable disability benefits. A claimant with a broken leg might ask for benefits and the SSA employee is required to fill out the paperwork although he or she realizes the claim is likely to be denied. Most claimants ask if their requests are likely to be granted. When the claimant is in an SSA office and learns that his or her claim will probably be denied, it is a simple matter for the individual to sign the appropriate line. A telephone claim is different, however. Forms must be sent to the claimant, and he or she must return them to SSA. Not surprisingly, many claimants feel no need to return the signed forms, since they have realized that they will not be receiving benefits. The SSA employee, however, must send letters to the individual requesting that the appropriate forms be signed and returned so that the file can be closed. As disability claimants are coerced into using teleservice, the backlog in SSI cases particularly will be enormous.

SSA employees are also able to build up a network of contacts in their areas that enables them to deal swiftly with eligibility questions for claimants. A question of whether assistance from local church groups need be counted as income for a beneficiary, for example, is handled much more easily by SSA employees familiar with the area in which the claimant lives.

Not the least of the advantages from maintaining an extensive network of SSA offices is the opportunity it offers for the Federal Government to have a "face" for the taxpayers. There are only three agencies that every American deals with: the Internal Revenue Service, the Postal Service and the Social Security Administration. The IRS, which has its own problems with toll-free numbers, is not fondly regarded by most Americans. The Postal Service has seen a decline in its popularity over the past two decades. The SSA is the last face-to-face contact many taxpayers have left with their Government. This is an important asset, and not one to be thrown away lightly.

In its report on Leadership for America, Rebuilding the Public Service, the National Commission on the Public Service emphasized this point:

"Government must also become more user-friendly. All too often the public dreads the thought of making contact with government . If Govenant is to be for the people, it must go where the people are. Government must go to the shopping malls and the branch libraries. Instead of making the people fit government schedules and government locals, government must fit the people's schedules and needs."

The allure of teleservice has disadvantages which might not be immediately obvious. When the Veterans Administration moved to a central office system, there was such an outcry from veterans groups that many counties now staff veterans assistance centers. In addition, VA makes use of its extensive hospital system where claims may be filed. The SSA has no similar facilities, and it must be recognized that SSA not only deals with all the individuals who are aided by the VA, it must assist all the non-veterans as well.

The ability to file claims or address benefit questions by telephone is an important option, and one that should be maintained. The Social Security offices where our NFFE members work with teleservice are good examples of how far the system can go in promoting efficiency. The experiences of those employees also show the limitations of teleservice. We feel that the growth of teleservicing can not be permitted to reduce the option of a face-to-face interview for beneficiaries. We feel it is essential to maintain this option for SSA claimants and that any impartial survey of public preferences would bolster our position.

Americans pay into the Social Security system all their lives and when they need the benefits of that system, they deserve to speak to an employee face-to-face if they want to. We urge this committee to continue its examination of the headlong rush into teleservice that SSA is promoting and ensure that the needs of the claimants and beneficiaries are not sacrificed in the name of technology.

Item 5

Congressional Research Service
The Library of Congress

Washington, D.C. 20540

April 7, 1989

TO : Senate Committee on Aging
Attention: Jonathan Adelstein

FROM : American Law Division

SUBJECT : Negative Verification of Social Security Numbers by the Social Security Administration: A Violation of the Privacy Act?

This memorandum is written in response to your request for an examination of the Social Security Administration's (SSA's) policy regarding verification of social security numbers in order to determine whether it is inconsistent with the provisions of the Privacy Act, 5 U.S.C. § 552a. Specifically, your inquiry focuses upon SSA's policy of providing negative social security number verification services to all requesters, including those in the private sector. The memorandum begins with a description of the SSA's policy, followed by a discussion of the Privacy Act and its requirements, and ends with an analysis of the policy's implications with respect to the Privacy Act.[1] It concludes that negative verification of social security numbers by the SSA apparently results in an unconsented to disclosure of personally identifiable information in violation of the Privacy Act.

SSA's Policy of Negative Verification

Negative verification involves the identification of names and social security numbers (SSNs) associated in a requester's records that do not match the names and SSNs associated in the records of the Social Security Administration. The stated policy of the SSA for dealing with such verification requests is the following:

> 03307.235 Verification of Social Security Numbers
>
> We receive numerous requests to verify whether a name and social security number match our records. The guidelines below should be followed.
>
> A. We may inform any requester that a name and SSN do *not* match.
>
> Note: Do not inform the requester of the correct SSN holder.
>
> B. We may inform any requester that an SSN has not yet been issued (an "impossible" number).
>
> C. We may inform the following requesters if a name and SSN match or do not match:
>
> 1. Federal agencies who use the SSN as a numerical identifier in their recordkeeping systems.
>
> 2. Federal, State, or local agencies for use in administering income or health maintenance programs.
>
> 3. Any of the agencies or requesters to whom we disclose SS-5 information.
>
> *See Program Operations Manual System*, chapter 033: Disclosure, subchapter 07: Confidential Information, U.S. Department of Health and Human Services, Social Security Administration, Office of Operational Policy and Procedures (1982).

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[1] This is a brief analysis due to the time constraints as a result of a scheduled congressional hearing.

Negative verification services from SSA involve a requester submitting to SSA a magnetic tape containing SSNs and the names of individuals associated with those SSNs on the requester's records. SSA would match the tape furnished by the requester with automated records in SSA's Master Files of Social Security Numbers Holders. For each SSN furnished by the requester, the match would compare the name associated with that SSN on the requester's tape with the name associated with that SSN on SSA's records. SSA would then produce a tape containing the results of the matching process. If a particular SSN on the requester's tape did not appear in SSA's records or if the name associated with a particular SSN on the requester's tape is not the name associated with that SSN in SSA's records, then the tape prepared by SSA for the requester would indicate an "N" for that SSN/name item. *See* Memorandum of December 5, 1988, "Social Security Number Verification for TRW", Donald A. Gonya, Chief Counsel for Social Security. In other words, negative SSN verification involves informing the requester when a name/SSN combination in the requester's file does not appear in SSA's records, but not revealing when it does.

Applicable Requirements of the Privacy Act

Section 7 of the Privacy Act restricts governmental use of an individual's social security number as it makes it unlawful for "any Federal, State or local government agency to deny to any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security account number." 5 U.S.C. § 552a note. Several exemptions from this prohibition have been established, and recent federal law has extended the authorization of use of a social security number by federal and state agencies. *See Id.*; 42 U.S.C. § 405 (c)(2); 42 U.S.C. § 1320b-7. For our purposes, disclosure of social security numbers to private entities is the issue.

The pertinent provision of the Privacy Act states that

> "[n]o agency shall disclose any record which is contained in a system of records by *any means* of communication to any person ... except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure of the record would be [covered by any of the 12 exemptions from this restriction.] " 5 U.S.C. § 552a (b) (emphasis added).

This provision addresses disclosure of informational records pertaining to an individual by any means of communication from a system of records, such as the Master Files of SSN Holders. In negative verification, SSA would not be identifying the individual to whom the SSN is actually assigned, and would not be indicating whether any other SSN is assigned to the individual named in the request or to anyone else. Although this can be viewed as merely an acknowledgement of the non-existence of certain records within SSA's system of records, SSA's negative verification response to a request would indicate that according to SSA's records, the *other* SSNs furnished by the requester are correctly assigned to the names with which those SSNs are associated in the requester's records. This would appear to be a disclosure, by implication, of information contained within SSA's records.

The issue at hand is whether a negative verification is to be considered a disclosure under the Privacy Act. The term "disclosure" is not defined within the Act. However, one court noted that "[w]hile the Act does not specifically define 'disclosure', common sense requires that this term be taken to denote the *imparting of information* which in itself has meaning and which was *previously unknown* to the person to whom it is imparted." *Harper v. United States*, 423 F. Supp. 192, 197 (D.S.C. 1976) (emphasis added). In verifying that SSA assigned a particular SSN to a particular name, SSA would appear to impart information previously unknown to the requester – that SSA's records show that such SSNs were assigned to the names with which those SSNs are associated on the records furnished by the requester. This is precisely the information which the private entities wish to obtain, and currently do not possess. This verification that particular SSNs were assigned to particular names would appear to constitute a disclosure under the Privacy Act, as it is a conveyance of information by the SSA. Therefore, the Privacy Act, 5 U.S.C. § 552a (b), would appear to preclude the verification of SSNs without the consent of the individuals to whom they are assigned, unless the individual to whom the information pertains consents or any of the 12 exemptions from this prohibition apply.

The one exemption to the Privacy Act's limits on disclosure that appears to be relevant to the circumstances of your inquiry is the exemption at 5 U.S.C. § 552a (b)(2) for disclosures required by the Freedom of Information Act (FOIA).[2] Records that are required to be disclosed pursuant to the FOIA cannot be withheld under the Privacy Act; thus an agency need not seek the consent of the record subject to disclose records required to be disclosed to an FOIA requester. 5 U.S.C. § 552a (b)(2) and (q). The FOIA would not require the disclosure of SSN verification information if any one of its nine exemptions listed at 5 U.S.C. § 552 (b) is applicable.

The only exemption of the FOIA which appears to be relevant to SSN verification is 5 U.S.C. § 552 (b)(6) which covers "information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." The Supreme Court has explained that the use of the above words requires a balancing of both the privacy interests at stake and the public interests served by the disclosure to determine whether the privacy interests outweigh the public interests, thereby preventing disclosure. *Department of State v. Washington Post Co.*, 456 U.S. 595, 599 (1982). Various arguments can be created to advance both the privacy and public interests, however, several courts have commented upon such interests in areas applicable to SSN verification for private entities and some of these opinions will be discussed briefly.

As noted above, the verification of a SSN could be seen as merely a confirmation of the existence of the records, rather than an express disclosure which may result in an invasion of privacy. Even if this argument is made, several courts have established that an agency may refuse either to confirm or deny the existence of records where the agency can show that the mere confirmation or denial of the existence of records could reasonably be expected to affect interests that applicable FOIA exemptions are intended to protect. *See Antonelli v. Federal Bureau of Investigation*, 721 F.2d 615 (7th Cir. 1983); *Gardels v. Central Intelligence Agency*, 689 F.2d 1100 (D.C. Cir. 1982). Therefore, even the verification that particular SSNs are associated with particular names in SSA's records could constitute an invasion of personal privacy which would be covered by FOIA exemption (b)(6), resulting in a disclosure not being required by the FOIA, and being precluded by the Privacy Act, 5 U.S.C. § 552a (b).

Courts have noted in several cases involving the (b)(6) exemption that a commercial interest in otherwise private information does not warrant disclosure absent any public interest in disclosure. *See Multnomah County Medical Society v. Scott*, 825 F.2d 1410, 1414 (9th Cir. 1987); *Wine Hobby USA, Inc. v. United States Internal Revenue Service*, 502 F.2d 133, 137 (3rd Cir. 1974). The circumstances which gave rise to your inquiry concerned the negative verification of SSNs for a private credit data operation. It appears that the commercial interest in obtaining this information to verify credit records is the only reason for disclosure. It seems that there is no public interest supporting SSN verification in this context. There is a privacy interest in keeping a SSN confidential as it is often the key to gaining access to potentially sensitive information from various sources and therefore this privacy interest would appear to shift the balance in favor of preventing disclosure of such information under the Privacy Act.

As indicated previously, due to the urgency of your request not all arguments and supporting case law could be discussed in this memorandum. We hope that you find this information helpful and will contact us it you are in need of further information.

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[2] One other exemption from the Privacy Act's limits of disclosure without consent could be applicable to your circumstances. 5 U.S.C. § 552a (b)(3) allows such a disclosure when it occurs for a "routine use." A routine use of a record is one which serves "a purpose which is compatible with the purpose for which ... [the record] was collected" , 5 U.S.C. § 552a (a)(7), and is published in the Federal Register as part of the Privacy Act notice for the system of records involved, 5 U.S.C. § 552a (e)(4)(D), (e)(11). The notice for the Master Files of SSN Holders does not presently contain a routine use which would cover the disclosure to private entities, thus the SSN verification information disclosure does not appear to be covered by 5 U.S.C. § 552a (b)(3).

Kirk D. Nemer
Legislative Attorney

Item 6

TRW BACKGROUND
MARCH 30, 1987

TRW has requested we verify the Social Security numbers (SSNs) in their files.

After several phone calls from various TRW respresentatives and their receipt of SSA's Enumeration Verfication System (EVS) User's Package for General Purpose, a letter dated November 21, 1985 was received requesting a reimbursable contact for 100,000,000 SSNs. Since this represented over $500,000 in reimbursable funds, they requested to run a test file. We agreed.

In February we received a check for $959.77 representing advance payment for the test file of 151,953. The test has been completed and TRW should have received the output file by now.

The reimbursable cost estimate of processing EVS items was quoted to TRW last fall as follows:

$200.00 to establish the agency as a user of EVS (one-time only fee)
$200.00 for each tape processed (limit 2,000,000 items on a tape) plus
$ 5.00 per 1,000 items on a tape

Based on this formula, the estimated cost is over $500,000.

As of January 1, the reimbursable cost estimate has changed to the following:

$200.00 to establish the agency as a user of EVS (one-time only fee)
$200.00 for each tape processed (limit 2,000,000 items on a tape) plus
$ 10.00 per 1,000 items on a tape.

Based on this revised formula, the estimated cost is over $1,000,000.

In my phone conversations with TRW personnel, I have made them aware of the following:

1. We cannot schedule all their work immediately since program work must be completed before their work can be done. Their work would have to be scheduled over a long period of time. (They wanted to send us 15-20 tapes and let us schedule them. I told them we would work that out after the contract is signed.)

2. Based on my experience, it will be some time before the reimbursable contract is cleared by due to the significant amount of money involved.

3. The estimated cost per item has increased from 1/2 penny per item to 1 penny per item. (This did not seem to bother them.)

Item 7

DATE : December 5, 1988

TO : Michael C. Carozza
Deputy Commissioner
for Policy and External Affairs

FROM : Donald A. Gonya
Chief Counsel for Social Security

SUBJECT: Social Security Number Verification for TRW

You have asked for our opinion on what requirements the Privacy Act and Freedom of Information Act (FOIA) place on the activity of the Social Security Administration (SSA) when a credit reporting agency such as TRW asks SSA to identify those names and Social Security Numbers (SSNs) associated on the requesting agency's records that do not match the names and SSNs associated in SSA's records. You have asked for our opinion in the context of a more comprehensive review by the Policy Council of SSA's SSN verification policy. While the analysis presented below focuses on the circumstances of the TRW request, much of it would be relevant in evaluating requests for SSN verification from entities other than credit reporting agencies.

BACKGROUND

In November 1980, TRW, a credit reporting firm, requested that SSA verify that particular SSNs were assigned to particular names in SSA's records. SSA, with our Office's concurrence, denied this request in 1981. The basis for the denial was that the public interest in preserving public confidence in the privacy of SSA's records and the public interest in conserving SSA's resources for performance of its primary function outweighed the potential public benefit to be derived from the identification of mismatched names and SSNs. Since then, SSA has apparently provided "negative" verification services to other credit reporting entities, notably, Citicorp Credit Services. 1/ The Citicorp request, which we understand is still ongoing, involved the highest volume--a total of around three million SSNs and names.

In July 1987, TRW requested "negative" SSN verification services from SSA for approximately 100 million names and associated SSNs. We understand that the number has since grown to approximately 140 million. SSA has already conducted a test, comparing 150,000 names and associated SSNs furnished by TRW from TRW files to SSA's Master Files of Social Security Number Holders, and has released the negative verification results to TRW.

We understand that the regular service which SSA would perform for TRW and similar requesters, should SSA decide to do so, would involve the following process. The requester would furnish SSA with a magnetic tape containing SSNs and the names of individuals associated with those SSNs on the requester's records. SSA would match the tape furnished by the requester with automated records in SSA's Master Files of Social Security Numbers Holders. For each SSN furnished by the requester, the match would compare the name associated with that SSN on the requester's tape with the name associated with that SSN on SSA's records. SSA would produce a tape containing the results of the matching process. If a particular SSN on the requester's tape did not appear in SSA's records (e.g., it is an impossible SSN) or if the name associated with a particular SSN on the requester's tape is not the name associated with that SSN in SSA's records, then the tape prepared

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1/ "Negative" verification involves telling the requester when a name/SSN combination in the requester's file does not appear in SSA's records, but not revealing when it does. SSA has historically, with our concurrence, viewed these negative verifications as not involving a disclosure of information in its records, and therefore as not triggering the protections of the Privacy Act. See, most recently, our memorandum, dated August 26, 1988, to the Deputy Commissioner for Programs regarding "Social Security Numbers Validation--Draft Decision Paper." SSA also apparently views itself as required by the FOIA, 5 U.S.C. §552(a)(3), to perform these negative verifications.

by SSA for the requester would indicate an "N" for that SSN/name item. The tape prepared by SSA would contain all of the SSN/name items which the requester's tape contained. The SSN/name items from the requester's tape which match those items in SSA's records would show no indicator on the tape prepared for release to the requester. In effect, the "N" indicators for the SSN/name items on the tape which SSA would send to the requester would tell the requester that SSA's Master Files of SSN Holders contain no records identified by particular SSN/name combinations on the requester's tape. While the tape prepared by SSA for the requester would say nothing explicitly about the other SSN/name combinations on the tape submitted by the requester, the obvious implication would be that SSA's records show that such SSNs were assigned to the names with which those SSNs are associated on the tape furnished by the requester. This is the so-called "negative" verification procedure referenced in footnote one above.

CONCLUSIONS

The FOIA at 5 U.S.C. §552(a)(3) only requires disclosure of agency records pursuant to a request from a person who reasonably describes such records. The pertinent provision of the Privacy Act, 5 U.S.C. §552a(b), only precludes disclosure of agency records contained in a system of records without the consent of the individual to whom the records pertain. Thus, the FOIA does not require SSA to advise a requester about the non-existence of requested records, but the Privacy Act does not preclude SSA's so advising the requester. To the extent that a request from an entity such as TRW involves SSA's express or implied communication of information about individuals from one of SSA's systems of records (e.g., that according to SSA's records, a particular SSN is assigned to a particular name), then the Privacy Act, 5 U.S.C. §552a(b), would preclude that communication unless the individual to whom the information pertains consents or any of the 12 exemptions from this restriction apply.

Only one exemption to the Privacy Act's limits on disclosure appears to be pertinent to the circumstances presented by your inquiry--the exemption at 5 U.S.C. 552a(b)(2) for disclosures required by the FOIA. Therefore, the Privacy Act would appear to preclude such verification without the consents of the individuals to whom the SSNs are assigned, unless the FOIA requires such verification.

The FOIA does not require the disclosure of information if any one of nine exemptions applies. The only FOIA exemption which appears to be pertinent here, 5 U.S.C. §552(b)(6), covers information "the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." The applicability of the exemption is to be determined on a case-by-case basis by balancing the privacy interests at stake and the public interest to be served by disclosure. While some personal privacy interests seem to be involved in SSN-name verification for credit reporting agencies such as TRW, we believe reasonable arguments can be made in support of the position that these privacy interests are diminished in the context of a request for verification of information furnished by a requester such as TRW. SSA might identify certain public interests which SSN verification for TRW and similar entities might enhance--the general public interest in the accuracy of consumer credit information and the public interest in the earliest possible prevention and deterrence of individuals' attempts to commit fraud by using fictitious SSNs or SSNs assigned to other individuals. However, SSA may also consider certain public interests served by withholding--avoiding the erosion of public confidence in SSA's resolve to protect the confidentiality of personal information in its records and avoiding the diversion of SSA's limited resources from SSA's normal workload. Thus, under the circumstances presented by your inquiry, the balancing test required by FOIA exemption (b)(6) appears to allow SSA a choice to grant or deny TRW's request. We believe that there would be reasonable legal support for either decision, although the balance may slightly favor disclosure in view of the weakness of the privacy interest. Our reasoning follows. 2/

2/ We would have preferred to organize this memorandum to state all rationale in favor of disclosure separately from all rationale in opposition to disclosure. However, the need to assess both the public interest and privacy interest aspects of the question presented made such a format impossible. Thus, the reasons favoring and opposing disclosure are found in the discussion relevant to each interest.

DISCUSSION

A. General Implications of "Negative Verification" Under the FOIA and Privacy Act.

As here pertinent, the FOIA requires at 5 U.S.C. §552(a)(3) that "each agency, upon any request for records which . . . reasonably describes such records . . . , shall make the records promptly available to any person." 3/ Exemptions to this requirement are listed at 5 U.S.C. §552(b). While 5 U.S.C. §552(a)(3) specifically requires SSA (subject to FOIA exemptions) to disclose Agency records reasonably described by the requester, it does not appear to require anything else. Thus, where a requester does not purport to be seeking information in SSA's records, but seeks only to confirm that SSA has no record of certain information, we do not believe that the FOIA requires SSA to comply with the request.

Relevant portions of the Privacy Act state that

> [n]o agency shall disclose any record which is contained in a system of records by any means of communication to any person . . . except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure of the record would be [covered by any of 12 exemptions.]

5 U.S.C. §552a(b).

Literally read, this provision only addresses disclosing by any means of communication records contained in a system of records, such as the Master Files of SSN Holders. To the extent that SSA reports that the association of a particular name and particular SSN furnished by a requester does not appear in that system of records, SSA would not seem to be releasing any information about an identifiable individual from an Agency system of records. SSA would not be identifying the individual to whom the SSN is actually assigned, would not be indicating whether any other SSN is assigned to the individual named in the request, and would not even be indicating that the SSN in question is assigned to anyone. The Privacy Act would not seem to preclude such a response.

Under the analysis described above, if a request such as the one recently received from TRW calls for a response which only involves SSA's advising the requester that SSA does not have the record described by the requester, we believe SSA could simply decline to comply with the request without needing to rely on the FOIA exemptions listed at 5 U.S.C. §552(b) and the Privacy Act's disclosure restrictions at 5 U.S.C. §552a(b). SSA could reasonably take the position that the FOIA does not require that action, and, although the Privacy Act does not preclude the requested action, SSA may decline to perform the service voluntarily in view of such factors as the resultant administrative burden on the Agency or the diversion of its resources.

The proposal from TRW and others, however, involves more than SSA's mere acknowledgement of the non-existence of certain records in the Agency's systems of records. In effect, SSA's "negative verification" response to such a request would unquestionably indicate that, according to SSA's records, the other SSNs furnished by the requester are assigned to the names with which those SSNs are associated in the requester's records. Moreover, if an entity such as TRW wanted to press the issue under the FOIA, it would need only to word its request carefully to ask SSA to disclose the associated names/SSNs contained in SSA's Master Files of SSN Holders which match those listed in the requester's tapes. Thus,

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3/ For FOIA purposes, the term "person" includes an individual, a corporation, and other types of commercial entities. See 5 U.S.C. §551(1) and 20 C.F.R. §401.215. Thus, TRW and similar requesters would be persons who could request information under 5 U.S.C. §552(a)(3).

any request of the type proposed by TRW would appear to involve the disclosure, 4/ either expressly or by implication, of information contained in SSA's records. The remainder of our discussion will focus on the interests involved in such disclosures.

Only one of the exemptions to the Privacy Act's prohibitions against disclosure of identifiable information about an individual without his or her consent seems pertinent here. Under 5 U.S.C. §552a(b)(2), such disclosure is not precluded when it is required by 5 U.S.C. §552, the FOIA. 5/

B. Is SSA's Verification That Particular SSNs Are Assigned to Particular Names Required by the FOIA?

The FOIA, 5 U.S.C. §552(a)(3), requires the disclosure of records of Federal agencies when a person requests such records in a manner which reasonably describes them and none of the exemptions listed in 5 U.S.C. §552(b) applies. 6/ The only exemption which could be applicable to the information at issue here would appear to be exemption (b)(6) (5 U.S.C. §552(b)(6)). That exemption

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4/ Neither the term "disclose" nor the term "disclosure" is defined in the Privacy Act. According to one Federal district court, "[w]hile the [Privacy] Act does not specifically define 'disclosure,' common sense requires that this term be taken to denote the imparting of information which in itself has meaning and which was previously unknown to the person to whom it is imparted." Harper v. United States, 423 F. Supp. 192, 197 (D.S.C. 1976). This is the only decision we could find defining "disclose" or "disclosure" for Privacy Act purposes.

Arguably, SSA would not be telling the requester anything which the requester would not already know regarding the SSNs and names which SSA would verify. On the other hand, in verifying that SSA assigned a particular SSN to a particular name, SSA would appear to impart something unknown to the requester--that SSA's records confirm the assignment of the SSN to the name associated with the SSN in the requester's records. Apparently, this information is meaningful and valuable to the requester. We understand that TRW is willing to pay more than $900,000 to SSA in reimbursement for the costs of providing this service. Thus, according to the definition articulated in Harper, verifying that particular SSNs were assigned to particular names would appear to be a disclosure within the purview of 5 U.S.C. §552a(b).

5/ We note one other exemption from the Privacy Act's prohibition against disclosure without consent. Under 5 U.S.C. §552a(b)(3), such disclosure is not precluded when it occurs for a "routine use." A routine use of a record is one which serves "a purpose which is compatible with the purpose for which . . . [the record] was collected" (5 U.S.C. §552a(a)(7)) and is published in the Federal Register as part of the Privacy Act notice for the system of records involved (5 U.S.C. §552a(e)(4)(D) and (e)(11)). The system's notice for the Master Files of SSN Holders does not presently contain a routine use which would cover the disclosure of information from that system for the purposes under review here--disclosure to commercial enterprises for purposes of those entities' verifying information furnished by individuals about their SSNs for use in checking those individuals' creditworthiness and other commercial purposes. Thus, the SSN verification under scrutiny here does not appear to be covered by 5 U.S.C. §552a(b)(3) as that provision is currently implemented by SSA.

6/ The responses requested from SSA by TRW and others might be characterized as merely affirming or denying the existence of records in SSA's Master Files of SSN Holders on each name/SSN combination furnished by the requester. A requester might argue that it is not requesting the detailed information maintained on each individual in that record and that SSA may not refuse to affirm or deny the mere existence of particular records. Case law establishes, however, that an agency may refuse either to confirm or deny the existence of records where the agency can show that the mere confirmation or denial of the existence of records could reasonably be expected to jeopardize interests that applicable FOIA exemptions are intended to protect. See Antonelli v. Federal Bureau of Investigation, 721 F.2d 615 (7th Cir. 1983); Gardels v. Central Intelligence Agency, 689 F.2d 1100 (D.C. Cir. 1982); Phillippi v. Central Intelligence Agency, 549 F.2d 1009 (D.C. Cir. 1976). Thus, if SSA's affirming or denying that particular SSNs are associated with particular names in SSA's records would constitute a "clearly unwarranted invasion of personal privacy," then this action would be covered by FOIA exemption (b)(6), would not be required by the FOIA, and would be precluded by the Privacy Act, 5 U.S.C §552a(b).

allows SSA to withhold information "the disclosure of which would constitute a clearly unwarranted invasion of personal privacy."

The Supreme Court has explained that the use of the words "clearly unwarranted" in FOIA exemption (b)(6) requires "'a balancing' of the private and public interests" in the information for which disclosure is requested. Department of the Air Force v. Rose, 425 U.S. 352, 372-73 (1976). See also Department of State v. Washington Post Co., 456 U.S. 595, 599 (1982). Accordingly, the analytical process for determining whether SSN-name match information could properly be withheld from disclosure to TRW and similar commercial entities under exemption (b)(6) involves identification of both the privacy interests at stake and the public interests served by the disclosure and balancing these interests to determine whether the privacy interests outweigh the public interests. 7/

Although the Supreme Court has not outlined any specific factors that agencies are to consider in identifying the interests that are to be weighed in the balancing test, it noted in Rose that

> it is not an easy task to balance the opposing interests, but it is not an impossible one either . . . . Success lies in providing a workable formula which encompasses, balances and protects all interests, yet places emphasis on the fullest responsible disclosure.

425 U.S. at 372 n. 9, quoting S. Rep. No. 813, 89th Cong., 1st Sess. at 3 (1965). The balancing test, thus, involves a case-by-case determination based on the available objective indicia of the privacy and public interests at stake.

At 20 C.F.R §§401.300 and 401.120, Regulation No. 1 sets forth factors which SSA considers in determining the applicability of exemption (b)(6) to disclosures from SSA's records. These factors, discussed below, provide important guidance in analyzing the interests implicated by TRW's proposal for verification of SSN-name match information.

1. Assessment of the privacy interest involved in SSN-name matches

Regulation No. 1 provides that in determining the privacy interest involved in responding to requests for disclosure of information, SSA will consider "[t]he sensitivity of the information (e.g., whether individuals would suffer harm or embarrassment as a result of the disclosure.)" 20 C.F.R. §401.300(a). SSA generally does not disclose the SSN of a living individual 8/ in response to a third-party request because of the potential invasion of privacy which could result from such disclosure. Arguably, the SSN itself does not reveal any embarrassing or intimate details of an individual's personal life. The SSN may, nevertheless, be considered sensitive because it is often the key to gaining access to potentially sensitive information from various sources. Indeed, this access appears to be the reason why TRW and similar enterprises obtain the SSN from individuals. The SSN may also be used to compile many types of information about an individual in an easily accessible manner.

7/ In theory, the privacy concerns in information pertaining to an individual may be so insignificant that they may not be sufficient to warrant the application of the balancing test. Under this approach, the FOIA would require disclosure of personal information in some instances even if there are no cognizable public interests served by disclosure. See Tennesseean Newspaper, Inc. v. Levi, 403 F. Supp. 1318, 1320-21 (M.D. Tenn. 1975), interpreting the terms "unwarranted invasion of personal privacy" in exemption (b)(7)(C), 5 U.S.C. §552(b)(7)(C). Indeed, as we mentioned in our August 26, 1988, memorandum to the Deputy Commissioner for Programs regarding "Social Security Numbers Validation--Draft Decision Paper," a reasonable argument could be made that any invasion of privacy under circumstances in which a requester seeks only confirmation of information received directly or indirectly from the SSN holder would be insufficient to trigger the balancing of the private and public interests, and that disclosure of the SSN-name matches in SSA's records would accordingly be required under the FOIA.

8/ See 20 C.F.R. §401.110, explaining that, in the context of Regulation No. 1, the term "'[i]ndividual' means a living natural person . . . ." Disclosure of information pertaining only to deceased persons would not involve privacy concerns. See 20 C.F.R. §401.350.

In the circumstances you present, the risk of harm to individual SSN holders from disclosure of SSN-name match information to TRW seemingly could be considered to be minimal. The Fair Credit Reporting Act ("FCRA") 15 U.S.C. §§1681 et seq., imposes statutory restrictions on the dissemination of information contained in consumer reports, both by consumer reporting agencies like TRW and by users of the reports. 9/ This statute protects the individual's privacy interest in the SSN information in the possession of these entities and lessens the likelihood of unauthorized redisclosure or use of the information that would harm or embarrass the individual. At 20 C.F.R §401.120, the safeguards applied to protect the confidentiality of personal information which might come into the requester's possession are recognized as important factors in determining whether disclosure would result in a clearly unwarranted invasion of personal privacy. 10/

Regulation No. 1 also provides that SSA will consider, in determining the privacy interest at stake in a particular disclosure, "[t]he rights and expectations of individuals to have their personal information kept confidential." 20 C.F.R. §401.300(c). In the context of verification of SSN-name matches for TRW, a persuasive argument may be made that individual SSN holders who are the subjects of consumer credit reports have a significant expectation of confidentiality in any information, financial or otherwise, requested and obtained for such reports. This interest was recognized by the Congress when it enacted the FCRA, 15 U.S.C §§1681 et seq., and the Right to Financial Privacy Act, 12 U.S.C. §§3401 et seq., both of which were intended to prevent unreasonable or careless invasion of consumers' privacy. 11/

In the context of TRW's proposal, a reasonable argument could also be made that an individual's expectations concerning the confidentiali of SSN information in SSA's records are diminished because the individuals have disclosed this personal information when applying for credit. SSA would only confirm the accuracy of the information that was provided to TRW, directly or indirectly, by the SSN holders themselves.

The extent to which individual privacy interests could be considered to be diminished in the context of SSN verification would seem to depend largely on the precise circumstances under which names and SSNs are furnished to TRW. We have no detailed information on the practices of credit reporting agencies in this regard. Nonetheless, we may reasonably assume that individuals do provide their SSNs voluntarily to organizations in connection with credit applications or for other personal purposes, and that they are aware that the information they provide will be furnished to a credit reporting agency such as TRW. If these assumptions are correct, we believe that the privacy interests implicated by TRW's requests for verification of SSN-name matches could be considered to be weak.

9/ See, e.g., Boothe v. TRW Credit Data, 523 F. Supp. 631, 634 (S.D.N.Y. 1981) (holding that the FCRA applies to information collected for one of the purposes provided in §§1681a(d) and 1681b and requires that the information be made available to third parties only for those purposes).

10/ Section 401.120 ("Safeguards against unauthorized disclosure or use") provides:

> The FOIA does not authorize us to impose any restrictions on how information is used after we disclose it under that law. However, the FOIA does permit us to withhold information, for example, if disclosure would result in a "clearly unwarranted invasion of personal privacy." In deciding whether this exemption applies in a given case, we must consider all the ways in which the recipient might use the information and how likely the recipient is to redisclose the information to other parties. Thus, before we disclose personal information we may consider such factors as--
>
> (a) Whether only those individuals who have a need to know the information will obtain it;
>
> (b) Whether appropriate measures to safeguard the information to avoid unwarranted use or misuse will be taken; and
>
> (c) Whether we would be permitted to conduct on-site inspections to see whether the safeguards are being met.

11/ See Boothe v. TRW Credit Data, supra. See also, In re TRW, Inc. 460 F.Supp. 1007, 1009 (E.D.Mich. 1978) (explaining that, in passing the FCRA, "Congress intended to prevent unreasonable or careless invasion of consumer privacy . . . .")

2. Assessment of the public interest involved in verification of SSN-name matches

At 20 C.F.R §401.300(b), it is explained that SSA will consider the public interest when acting on a disclosure request. Regulation No. 1, however, also explains at 20 C.F.R §401.300(c) that "[s]ince there is usually little or no public interest in disclosing information for . . . private or commercial purposes, [SSA] generally d[oes] not share information for these purposes." Thus, in our view, the regulation indicates that SSA should give no weight to any purely private or commercial purposes served by verification of SSN-name matches when SSA considers whether the balancing required by exemption (b)(6) favors such verification. 12/

TRW has maintained that its goals of improving the accuracy of SSN information contained in credit reports and detecting fraudulent use of the SSN would further the public interest. It would be appropriate for SSA to consider any interest of the general public in verification of SSN-name match information, not only for TRW or other credit reporting agencies, but also for any other commercial or business organizations that use the SSN as an identifier and might request verification.

The accuracy of credit information, held by commercial entities like TRW for essentially commercial purposes, would affect the broader commercial interests of all users of such information and the personal interests of consumers in avoiding the harm, embarrassment, and inconvenience which could occur if entities like TRW maintained and disseminated inaccurate credit information. This might be considered a "public" interest because the maximum possible accuracy of this data is mandated by statute 13/ and would contribute to the fair and efficient transaction of business across the United States. Even if such a public interest were cognizable, SSA would need to decide whether SSN verification for entities like TRW would actually enhance that public interest significantly.

While the need to prevent fraud and deceit in credit transactions might be considered to be a commercial interest, it also might be viewed in a broader sense. An individual's using in a scheme to commit fraud a fictitious SSN or an SSN assigned to someone else is an illegal activity which is subject to criminal sanctions under section 208 of the Social Security Act. There is a cognizable public interest in deterring individuals from attempting such activity and detecting such attempts at the earliest opportunity. This may prove to be the most readily identifiable public interest involved in TRW's request because it is related to matters covered by the Social Security Act. SSA should consider whether SSN verification would be an effective deterrent and would prevent a significant number of fraudulent schemes.

12/ In several cases involving the (b)(6) exemption, courts have noted that a commercial interest in otherwise private information does not warrant disclosure absent any public interest in disclosure. See Multnomah County Medical Society v. Scott, 825 F.2d 1410, 1414 (9th Cir. 1987); Minnis v. United States Department of Agriculture, 737 F.2d 784, 787 (9th Cir. 1984); Wine Hobby USA, Inc. v. United States Internal Revenue Service, 502 F.2d 133, 137 (3d Cir. 1974).

13/ TRW must comply with the requirement in the FCRA, that

> [w]henever a consumer reporting agency prepares a consumer report it shall follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates.

15 U.S.C. §1681e(b).

SSA may not be able to determine whether a particular non-match involves potential fraud. Nevertheless, the commercial entity which requested such verification might have other information which would cause it to reject a credit application, possibly preventing the perpetration of fraud, and also might allow it to refer the matter to an appropriate law enforcement agency. On the other hand, SSA might find that the main benefit of the SSN verification service would be improving a commercial enterprise's ability to detect errors in its records of names and SSNs of credit applicants before attempting fruitless and costly efforts to obtain information from various sources using inaccurate identifying data, and that improvement in deterrence and prevention of SSN fraud is merely a minor side effect. These are essentially factual and policy matters which SSA should consider in determining the existence of, and weight to be given, the public interest in verifying SSNs. The Office of Inspector General might be of some assistance to SSA in evaluating the fraud deterrent/prevention aspect of this request.

Thus far, our discussion of public interest considerations has focused on any and all public interests to be served by the particular uses which requesters like TRW would make of SSN verification by SSA. This approach is generally consistent with case law. However, a recent decision of the Court of Appeals for the District of Columbia Circuit, currently pending review by the Supreme Court on the Federal Government's appeal, calls this approach into question. As here pertinent, the Court of Appeals concluded that a requester's particular purpose or use is not relevant and that the term "public interest" in the context of the balancing test required by FOIA exemption (b)(6) does not "mean anything more than the general disclosure policies of the statute." Reporters Committee for Freedom of the Press v. U.S. Department of Justice, 816 F.2d 730 (1987), modified on denial of panel reh'g, 831 F.2d 1124, 1126, cert. granted, 56 U.S.L.W. 3718, 108 S.Ct. 1467 (Apr. 18, 1988). Those policies have been described in terms of a "core" purpose, "to ensure an informed citizenry, vital to the functioning of a democratic society, needed to check against corruption and to hold the governors accountable to the governed." National Labor Relations Board v. Robbins, 437 U.S. 214, 242 (1978). TRW's proposal would not seem to further this "core" purpose of the FOIA. Thus, under what appears to be the latest approach of the District of Columbia Circuit, SSA may have a reasonable basis for focusing only on the above-mentioned core purpose and finding that there is no such public interest in the disclosure. Of course, the propriety of this approach will not be ascertained until the Supreme Court acts on the issue. Moreover, we note that the Department of Justice has advised all Federal agencies that they "should not try to apply the D.C. Circuit's new formulation, but rather should continue to make all balancing judgments under Exemption[ ] 6 . . . in the manner in which . . . [these judgments] traditionally have been made," pending clarification by the Supreme Court. See FOIA Update (Spring 1988) at page 5.

There may be public interest concerns favoring confidentiality that would weigh against those favoring disclosure. Regulation No. 1 states that SSA will consider "[t]he public's interest in maintaining general standards of confidentiality of personal information." 20 C.F.R. §401.300(c). Consistent with this regulatory standard, SSA previously did not agree to verify SSN match information for TRW because of its assessment that there was a counter-vailing public interest in not providing such information to commercial requesters on a mass scale. 14/ As SSA noted in its 1981 response to TRW, its acceptance of TRW's proposal could be viewed as encouraging use of the SSN as a universal identifier, contrary to long-standing Agency policy. Additionally, SSA's willingness to provide verification for commercial organizations might have a negative impact on the public perception of SSA's

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14/ See letter to Barbara A. Coe, TRW, Information Services Division, from Gilbert A. Fisher, Director of SSA's Office of Information, dated March 30, 1981.

willingness and ability to maintain confidentiality of personal information necessary for the administration of the Social Security programs. 15/

Furthermore, there may be some support for the view that verification of SSNs for entities such as TRW would work against the public interest by diverting SSA's limited resources from SSA's main mission and that such verification is not the type of activity that Congress, in enacting the FOIA, intended agencies to undertake. While TRW has offered to reimburse SSA or its full costs in performing the requested negative verification, we understand that complying with such a request will require a substantial commitment of SSA's resources away from the Agency's normal workload. We have not found any cases directly on point, but some courts have shown some understanding of, and concern for, the administrative burden placed on agencies facing FOIA requests for information in automated records.

In Long v. United States Internal Revenue Services, 596 F.2d 362 (9th Cir. 1979), cert. denied, 446 U.S. 917 (1980), computer tapes that were requested under the FOIA required editing to delete information identifying particular individuals. The Ninth Circuit noted that

> [i]t can be argued with some persuasiveness that, while Congress intended that agencies would bear substantial costs in processing FOIA requests, it did not intend to foreclose the possibility that at some point the costs . . . might be so extreme that the request would have to be dismissed as unreasonable.

596 F.2d at 366-67.

The Long court, however, did not reach the issue whether the cost and burden to an agency in complying with a request would be a factor that could be considered in applying exemption (b)(6). Instead, the court determined that the costs were not so high that they could be considered unreasonable.

More recently, in Schwaner v. Department of the Air Force, ___ F. Supp. ____, 1988 U.S. Dist. LEXIS 11586 (D.D.C., Aug. 1, 1988), the District Court for the District of Columbia observed that

> the creative FOIA requester will tap into the vast data banks of government computers. Perhaps, after obtaining data from FOIA requests, they will sell their lists to other merchants . . . . While this threat to personal liberties is far from fatal, the government should not be put to the cumulating expense of processing the requests of merchants . . . .
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> * * * * *
>
> Given the administrative burden, the flood of requests from commercial enterprises will lead to such frustration among agency personnel, judges and perhaps ultimately Congress, that the truly meritorious claim for public information will be delayed, if not frustrated entirely.

The Schwaner case involved the application of exemption (b)(2) to certain personnel records. The courts have interpreted that exemption as intended to protect Federal agencies from the administrative burden of disclosing trivial internal administrative matters of no genuine public interest.

15/ Id. As you are aware, Congress recently reaffirmed its opposition to use of the SSN as a universal identifier when it authorized use of the SSN card as a type of identifying information for employees under section 274A of the Immigration and Nationality Act, as added by section 101(c) of the Immigration Reform and Control Act of 1986, Pub. L. No. 99-603, 8 U.S.C. §1324a(c). See also H.R. Conf. Rep. No. 99-100, 99th Cong., 2d. Sess. 89-90, reprinted in 1986 U.S. CODE CONG. & AD. NEWS 5843-44.

Thus, while the courts may not have directly established that the administrative burden on a Federal agency in responding to an FOIA request is a factor in the balancing of privacy and public interests required in determining the applicability of FOIA exemption (b)(6), they may be amenable to considering the public interests in avoiding such burdens or diverting agency resources when there is little or no cognizable public benefit to be gained from requiring the agency to perform the requested work. 16/ SSA might perform a cost-benefit analysis to gauge the public interest to be served by disclosure, weighing the public interest enhanced by disclosure against the public interest in maintaining confidentiality and avoiding the diversion of agency resources to the project.

In summary, we cannot conclude as a matter of law that the FOIA definitely requires SSA to grant TRW's request or definitely allows SSA to deny that request. We find nothing in the case law which directs a finding that SSN verification under the circumstances presented here constitutes a clearly unwarranted invasion of personal privacy. Considering the circumstances in which entities like TRW obtain individuals' SSNs, considering that verification would do no more than disclose from SSA records only enough personal information to confirm the information already in those entities' possession, and considering that redisclosure and use of such information is restricted by Federal consumer credit laws, we believe one could persuasively argue that the privacy interest is weak and there is minimum risk of harm to those individuals as a result of SSA's verification of their SSNs. On the other hand, if SSA analyzes the public interests served by verifying SSNs and the public interests served by refusing such verification and finds that, all things considered, there is little or no public interest to be served by the requested verification, then we believe that refusing to perform such verification would be legally supportable under FOIA exemption (b)(6). SSA, with help from the Office of the Inspector General, would appear to be capable of assessing whether such SSN verification would enhance a public interest in the accurancy of consumer credit information, or would effect a significant deterrent to SSN-related fraudulent activity or improve current efforts to detect and prevent attempts at such frauds. If SSA finds that the subject SSN verification does not significantly enhance these public interests, SSA may reasonably determine that, in view of the public interest in maintaining public confidence in SSA's resolve to protect privacy and considering the commitment of resources necessary to perform the verification, the balance of the public interest in disclosure and the public and privacy interests in withholding favors withholding. 17/

We hope that you find the above discussion helpful. Should you require our further assistance, please contact me or Margaret Jane Porter at extension 5-3137.

16/ The Administrative Conference of the United States has under consideration a report and recommendations on the FOIA implications of agency collection and release of electronic information. This document is not overly sympathetic to the argument that the burden imposed on Government agencies in responding to requests for electronic information should enable agencies to resist such requests under the FOIA. See H.H. Perritt, Jr., Electronic Acquisition and Release of Federal Agency Information (Report Prepared for the Administrative Conference of the United States, Oct. 1, 1988).

17/ We considered whether SSA's past and present performance of negative verification services for other credit agencies such as Citicorp would preclude SSA's refusing such requests now. If TRW and other entities choose to challenge such action, they will unquestionably argue that SSA has already made a decision that the balance of the public and privacy interests tips in favor of disclosure and, therefore, that the FOIA mandates the verification. While this would certainly be a potent argument, we believe that SSA may still reasonably argue that its experience now requires a comprehensive assessment of the broad impact of the increasing number of requests it receives for verification and the implications which responding to all such requests would have for its mission and agency resources, as well as the privacy interests of the SSN holders.

Item 8

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

2000 K Street, N.W., Suite 800, Washington, D.C. 20006 (202) 822-9459

April 14, 1989

Honorable David Pryor
U. S. Senate
Washington, D. C. 20510

Dear Senator Pryor:

For the record of the Senate Aging Committee's April 10 hearing, we limited our submitted testimony to examples of problems we or our members had encountered with telephone service from the Social Security Administration. We were, however, especially pleased that, during the hearing, Commissioner Hardy was questioned about the verification of Social Security individual account numbers at the request of commercial institutions.

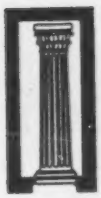
The National Committee shares your deep concern over the violation of the privacy rights of account number holders by the unauthorized disclosure of any privileged information. Last month, in fact, we brought this very problem to the attention of Congressman Andy Jacobs. In response to his request for specific suggestions as to what should be encompassed by a Social Security Beneficiary Bill of Rights, such as you introduced in the last Congress, we stressed the need for safeguarding Social Security information.

We believe you will be interested in the attached letter to Chairman Jacobs which outlines the set of principles we feel must guide the Congress in formulating a Beneficiary Bill of Rights.

With every best wish.

Sincerely,

Martha McSteen
President



NATIONAL COMMITTEE TO PRESERVE
SOCIAL SECURITY AND MEDICARE

2000 K Street, N.W., Suite 800, Washington, D.C. 20006 (202) 822-9459

March 20, 1989

The Honorable Andy Jacobs
Chairman
Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Jacobs:

In response to your request for specific suggestions about a Social Security Beneficiary Bill of Rights, we are submitting the following for inclusion in the record of the March 1 hearing on Establishing Social Security as an Independent Agency.

The primacy of rights of workers and beneficiaries should be inherent in the Social Security Act, but administration of Social Security in recent years suggests that a statement of rights of workers and beneficiaries is warranted. Rather than suggest specific language, we would like to offer a set of principles to guide the members of your Subcommittee in drafting appropriate legislation.

Information provided to the Social Security Administration will not be released to unauthorized parties.

The proliferation of the use of Social Security account numbers as identifiers for public and private purposes threatens the security of Social Security records. Information from Social Security records should not be divulged to other individuals, outside interests or other Federal, State or local agencies, except as provided by law, without the written consent of the number holder or a legal representative of the number holder. Under no circumstances, should the Social Security Administration sell, exchange, verify or otherwise release information from Social Security records to commercial interests without the written consent of the Social Security account number holder.

Individuals conducting business with the Social Security Administration are entitled to privacy.

Adequate space and appropriate sound barriers are not now provided when beneficiaries are interviewed by claims and service representatives so as to insure the confidentiality of conversations.

Claims and service representatives faced with heavy workloads have been known to conduct group interviews during which participants are asked and expected to answer questions of a personal nature in the presence of other members of the group. Examples are group interviews for the purpose of outlining disability benefit criteria or verifying continued SSI eligibility.

Individuals inquiring as to benefit eligibility or otherwise conducting business with the Social Security Administration, whether in person or by telephone, are entitled to a record of contact containing, at a minimum, a summary of the business transacted and the identity of the Social Security representative by whom they were assisted.

Inadequate training and/or too frequent employee turnover has resulted in inaccurate information being provided to claimants by inexperienced representatives. Months and even years of benefits can be lost if a claimant relies on the information provided and does not insist on filing a claim. A written record of the inquiry and response would entitle the claimant to retroactive benefits when the error was subsequently detected. The record of contact would also permit the Social Security Administration to identify the source and frequency of erroneous responses and to take corrective action.

A written record of contact with a confirmation mailed to callers is particularly essential for telephone service. Communication which is not face to face, deprives the service representative of the opportunity to observe reactions of the questioner to be sure information provided is understood. A record of a telephone contact questioning eligibility for Social Security or Supplementary Security Income benefits should be routinely accepted as a protected filing date for benefits if a formal application is completed within ninety days.

Within reason, individuals should have the right to choose the type of service they prefer and the service they choose should be competent and courteous.

Social Security District and Branch Offices should be located in convenient, well-lighted and well-maintained areas of a community. Access by public transportation should be a major consideration in site selection, but adequate parking should also be available. Properly designed signs and locator maps should direct clients to offices located in multiple-office complexes or malls. Handicapped access should be provided at every location.

District and Branch Offices should remain accessible by telephone. Efforts to intercept all callers and demand use of an 800 number has left clients and family members of Social Security employees unable to reach local offices in emergencies.

Regardless of the type of service, claims and service representatives must give each client adequate time to fully understand the information being provided or the questions being asked by the client in order to be able to respond appropriately and accurately.

Social Security applicants are entitled to timely service, including appointments and hearings scheduled with a minimum of delay, timely issuance of initial and reconsideration determinations and hearing decisions, and timely post-entitlement changes.

Because SSA has selected certain work activities for productivity measurements, other work activities are frequently neglected such as post-entitlement name and address changes and underpayment recomputations.

Four to six week waits for appointments, which are now commonplace, highlight the inadequacy of present staffing. Such waits aggravate financial hardship, particularly for individuals filing disability claims. Applicants who make appointments to apply for benefits should be assisted in completing their applications during the appointment so that return visits are not required. Every effort should be made to be responsive to requests for walk-in service, especially for persons recently bereaved who need to report a death or file for survivor benefits or for those who have traveled extensive distances.

Wage records should be posted in a timely manner and every effort made to insure their accuracy through reconciliation with IRS tax records.

Recent problems with reconciliation of earnings records highlights the necessity to give priority attention to this issue. Accuracy of benefit payments depends on the integrity of wage records which are thirty to forty years old.

In addition to the above rights, Rep. Edward Roybal has introduced independent agency legislation (H.R.46), which would establish a Beneficiary Bill of Rights. Senator David Pryor introduced independent agency legislation last Congress (S. 765) which had similar provisions. We would refer you to these proposals for additional provisions.

Sincerely,

William J. Lessard, Jr.

William J. Lessard, Jr.
Director of Policy and Research

cc. Robert J. Leonard
Chief Counsel
Committee on Ways and Means

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